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NEWS SUMMARY

GENERAL

Owen offers peace force

r. David Owen, the Foreign ecretary, hopes to be able to sue invitations soon to an all-arty conference on Rhodesia. owever, he gave no concrete idence that he has overcome e difficulties which have so r blocked the convening of ich a meeting.

He also proposed, at the UN eneral Assembly, a standby rangement that would place ritish troops on call for UN acekeeping duties. An infantry ttalion or a Royal Marine mmando group would be available, at a week's notice, for up six months.

If a Rhodesian settlement volving all the parties conerned could be reached, he ped the Security Council would tablish a security force for ty there. However, he did not k his offer of a British ntingent to the Rhodesian uation. Back Page, Editorial mment, Page 22

Begin threatens to resign

r. Menahem Begin, Israel's ime Minister, threatened to sign yesterday as more than a ird of the ruling coalition posed the Camp David peace reements.

Mr. Begin said he would resign a majority within the coalition posed him. He added that any inister voting against the overnment would be considered have resigned. Page 4

Suppression claim

anadian manpower officials have een ordered by the Federal Government to suppress information unemployment rates, according to confidential documents leased by the New Democratic arty leader. The motive, parently, is to avoid embarrassg Mr. J. S. G. Cullen, the mployment Minister. Page 4

Kaunda challenge

pponents of President Kaunda ve asked the Zambian High ourt to declare null and void his omination as sole presidential ndidate in elections next ecember. Page 4

Hunger strike

ll political prisoners in eheran's main jail have gone an indefinite hunger strike in otest at introduction of martial w, says Iran's Committee for e Defence of Human Rights.

Thorpe delay

ormer Liberal leader Mr. eremy Thorpe's appearance efore Minehead magistrates' urt, to face a charge of conpiring to murder, has been postned again, this time until ovember 20.

Liverpool out

iverpool, the holders were knocked out of the European up when they could draw only 0 at home to Nottingham orest, who won 2-0 on aggreate. Other European results: rsenal, Ipswich, Manchester ity, West Bromwich and angers go through; Wrexham out.

Schoolboy hunt

he Special Patrol Group has ined the police hunt for Mark erkshire, who disappeared from is school in Dulwich, London, Monday. In Wordsley, Staffs, funeral service was held for arl Bridgwater, the newsboy ot dead by antique thieves.

Briefly . . .

akistan and India have reached reement in principle to set up nsulates in Karachi and Bomy.

MS Eagle, once Britain's larst warship, will begin her final yage—to the scrapyard—on tober 6.

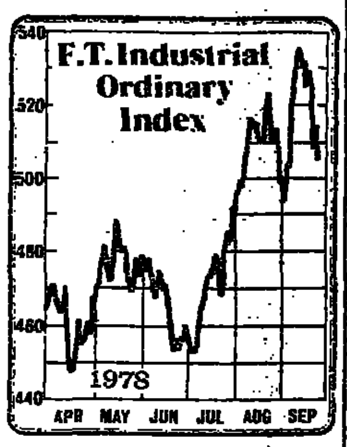
he Devon village of Wood faces winter without water supplies ecause nobody knows how to pair its Edwardian waterworks.

uenther Griesser of Austria as claimed a world record after nking in the bath for 125 ours.

BUSINESS

Equities down 8.2, Gilts weaker

● EQUITIES succumbed to light selling in a market dominated by the Ford pay dispute and the FT ordinary index closed 8.2 down at 506.0.



● GILTS continued to give ground and the Government Securities index closed 0.18 down at 69.97.

● STERLING fell 10 points to $1.9705 and its trade-weighted index eased slightly to 62.6 (62.7). The dollar's depreciation widened to 9.3 per cent (9.2).

● GOLD fell $2 to $216½ in London and in New York the Comex September settlement price rose $2.70 to $219.90.

● WALL STREET closed 2.97 down at 860.19, as more banks raised their prime rates by ½ per cent.

● ACCOUNTING Standards Committee, in a report on UK accounting standards, calls for enforcement by the City of statements of standard accounting practice through the Stock Exchange or a new Council for the Securities Industry. Back and Page 22

● EUROPEAN AIRBUS talks between France and the UK on the terms for British entry into the consortium are making slow progress. Page 2

● BRITAIN is heading opposition to a draft EEC directive seeking to impose new restrictions on the financing of the iron and steel industries in the Community. Page 8

● A GRANT of no more than £200,000 to Kirkby Manufacturing and Engineering workers cooperative on Merseyside is to be considered today by the Cabinet. Back Page.

● BRITISH PRINTING employers are to set up a special fund to defend themselves against industrial action by print workers demanding more pay for operating new machinery. Back Page

LABOUR

● LOCAL AUTHORITY employers, who have been told by the Government that their 12.5 per cent pay rise to chief officers and executives breaches its guidelines, may forefit the Government contribution. Page 10

● NEWLY-UNEMPLOYED male workers must now expect to remain on the jobless register for an average of 17 weeks, while women are unemployed on average 12 weeks, a Department of Employment study reveals. Page 10

COMPANIES

● LEGAL AND GENERAL Assurance increased its operating profit for the first half of 1978 to £7.9m (£7m), in spite of an underwriting loss of £3.6m for the period, against a loss of £0.9m in the first half of 1977. Page 24 and Lex.

● FOSECO MINSEP first half pretax profit rose from £7.63m to £8.36m on sales of £100m against £87.24m. Page 25 and Lex.

● CAMPARI, the leisure and camping equipment group, which reports pretax profits for 1977-78 at a record £1.75m against £1.64m, is making a one-for-10 scrip issue. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

rasway	45	+ 6
ary Intnl.	295	+ 10
laxo	627	+ 8
.I.	494	+ 14
C	138	+ 6
amaica Sugar	16	+ 2½
etal Box	358	+ 8
orton and Wright	208	+ 8
ime Darby	112	+ 7
artrite	128	+ 12
CA Intnl.	38	+ 2
ASMO "Ops"	375	+ 15
onzinc Riotinto	324	+ 6
TZ	246	+ 6

FALLS

reas. 14pc 1982	£105⅜	— ⅜
Barclays Bank	330	— 10
Barratt Devs.	119	— 5
Blue Circle	279	— 5
Brown (J.)	448	— 14
Campari	130	— 6
Cater Ryder	265	— 7
EMI	146	— 9
Fisons	351	— 6
Land Secs.	236	— 7
Legal and General	154	— 4
Lucas Inds.	312	— 10
Midland Bank	340	— 10
Milford Docks	112	— 8
Royal Insurance	355	— 7
Sedgwick Forbes	432	— 23
Walker (C. and W.)	124	— 8
Siebens (UK)	334	— 20
Randfontein	£36⅞	— 1½
St. Helena	795	— 82
West Drie.	£24	— 1

British Airways cuts Europe fares by up to 40%

BY LYNTON McLAIN

British Airways is to cut 18 European air fares by up to 40 per cent in a move which heralds the widespread introduction of cheap fares this autumn by scheduled European airlines.

The fare cuts apply to flights from London, Manchester and Birmingham to West Germany, France, The Netherlands, Belgium and Finland.

Government approval, which has already been sought, is expected to be forthcoming from the Civil Aviation Authority. The new fares will apply to the selected routes from November 1.

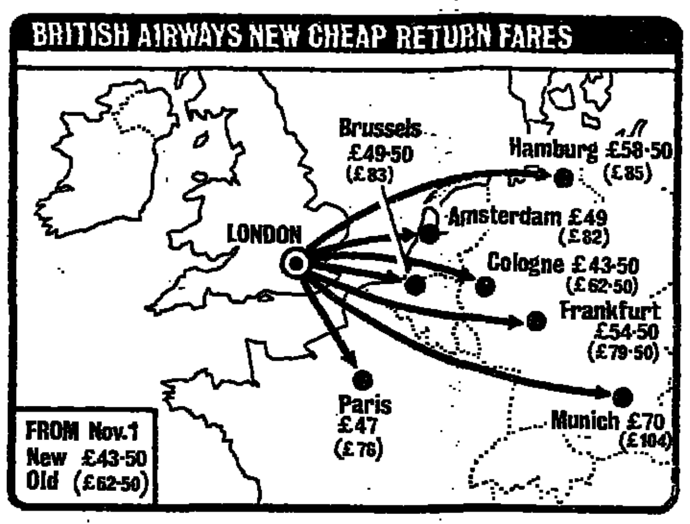
One of the new fares, from London to Cologne, was announced by British Airways last night as the cheapest scheduled air fare between London and any continental destination.

At £43.50 the return weekend excursion fare undercuts the standard return rail fare of £47.60 between the two cities.

The package announced yesterday embraces daily off-peak return fares to Paris, Amsterdam and Brussels and advance purchase excursion fares to Helsinki (as well as the weekend excursion return fare to nine West German cities).

British Airways' move to cut fares in Europe is the latest phase of a unilateral assault by British Airways on the structure and level of air fares, inside and outside the International Air Transport Association.

BRITISH AIRWAYS NEW CHEAP RETURN FARES



Until this year, IATA has been an effective cartel among world airlines, setting fares and leaving the customer little choice among world airlines.

In June, British Airways unveiled its first challenge to IATA with proposals of autumn cuts of up to 66 per cent on all flights between the UK and Scandinavia. Fares for return flights between London and Stockholm were to be reduced from £272 to £92, provided the tickets were bought 30 days in advance.

Mr. Gerry Draper, the airline's commercial operations director said at the time that BA could no longer be constrained by IATA from meeting the growing

Continued on Back Page

Scandinavian air talks Page 2

TUC to urge Ministers to relax pay guidelines

BY CHRISTIAN TYLER, LABOUR EDITOR

TUC LEADERS are seeking an early meeting with Ministers to try to persuade them the rigid imposition of Phase Four pay policy can only have damaging industrial—and possibly electoral—results.

Although billed as the normal post-Congress notification of TUC policy, the meeting will clearly provide an opportunity for talks on the assault on the pay policy by Ford workers and many others—including 1m local authority manual workers who are waiting in the wings.

The Government's determination to stand up to the Ford claim, and to defend its policy to the hilt may render the TUC's mission fruitless. But the Government will be left in no doubt that the TUC's acquiescence to the Phase Three 10 per cent limit cannot be sustained for Phase Four.

Mr. Len Murray, TUC general secretary, said yesterday that Government pursuit of an inflexible line would not be helpful in its "relationships with trade unionists."

Speaking after a short meeting of the TUC general council, Mr. Murray resisted invitations to comment in detail on the Ford strikes or the Labour Government's collision with the trade unions over its counter-inflation strategy.

Asked about the Ford unions' rejection of any productivity talks until the basic offer is raised above 5 per cent, Mr. Murray said: "So far as I am aware, Ford did not give an indication of the nature of its proposals."

Of the TUC's mission to Ministers, he said: "Congress was very clear. I hope that Ministers will examine carefully what we had to say at Congress and the very cogent arguments put forward for a more relaxed approach on the Government's side to collective bargaining."

Mr. Moss Evans of the Transport Workers, the major union at Ford and in many other sectors where policy-busting claims are being advanced, has made it plain that the TUC will not be asked to become involved directly in the Ford dispute.

Richard Evans writes: A full-scale confrontation over pay policy at next week's Labour Party conference looked increasingly likely yesterday when two two Left-wing MPs drafted a resolution for the National Executive Committee highly critical of the Government.

Mr. Eric Heffer, MP for Liverpool Walton, and Mr. Frank Allaun, MP for Salford East, will try to persuade the NEC at its pre-conference meeting in Blackpool to-morrow to oppose the 5 per cent guidline.

Union officials of 26,000 Vauxhall manual workers last night rejected a pay offer and will report back to a mass meeting today. Ford strikers, meanwhile, will try today to halt the import of cars built in Germany and Belgium through Hull docks.
Back Page

New warning on Japanese cars

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A PERSONAL warning has been given to the Japanese Ambassador in London about the continuing high level of Japanese car exports to Britain.

The matter was raised by Mr. Edmund Dell, the Trade Secretary, at a meeting with the Ambassador, Mr. Tadeo Kato, on Monday. This followed a rise in the Japanese share of the UK market to 12.5 per cent in August—well above the average rate for the year of 11.2 per cent.

"There have been suggestions in the industry recently that the Government might be forced to impose some form of quotas if shipments and sales of Japanese cars did not decline quickly.

But the official Whitehall line is that the assurances given by the Japanese Ministry of International Trade and Industry in March to limit shipments to the same level as last year will still be met.

Mr. Dell has stressed to the ambassador, however, that the Government is not only worried about shipments, although they are still running at a high level.

There is also mounting concern about the market share of Japanese cars in the UK so far this year. This issue is covered in the March agreement in a vague phrase which talks about the "confident expectation of MITI that the Japanese share of the UK market for passenger cars will naturally decline."

The basis for this "expectation" was that there would be considerable growth in sales of all cars.

This expansion has, in fact, occurred, and the market looks as though it will be bigger than predictions in March. But the Japanese market share is still well above that reached during the same period last year—11.2 per cent by the end of August, compared with 10.4 per cent a year ago.

The last time Mr. Dell took up the issue of Japanese imports with the Ambassador was in November, 1977, after which sales fell sharply.

The British industry is also making further efforts through the Society of Motor Manufacturers and Traders to extend the present agreement on shipment limitations. The SMMT wants further talks with the Japanese Automobile Manufacturers' Association in early November.

Renault aims for 5 per cent of UK market, Page 6

UK bid to avert currency isolation

By Peter Riddell, Economics Correspondent

WASHINGTON, Sept. 28.

INTENSIVE EFFORTS have been made by British representatives at the International Monetary Fund meeting in Washington to try to prevent the UK becoming isolated in the talks about the proposed European monetary system.

They follow a fortnight of complicated diplomatic manoeuvring after the Franco-German summit at Aachen, where President Giscard d'Estaing and Chancellor Helmut Schmidt reached agreement on a currency mechanism for the new system which was later supported by all the other EEC members except Britain.

The initial hostile British reaction to this at the EEC Finance Ministers' meeting and remarks last week in Montreal by Mr. Denis Healey, the Chancellor of the Exchequer, attacking the idea of a D-mark zone, have been regarded by supporters of the system on the Continent as signs of British awkwardness and unwillingness to join full-heartedly in the scheme.

This suggestion has been seized upon this week in informal discussions by a number of German commercial bankers who are lukewarm about UK entry. There is also suspicion that senior officials in the French Administration too may be reluctant about British participation.

Consequently, British officials have been trying during the last few days to stress to the Finance Ministers, officials and central bankers present in Washington that the UK remains seriously interested in joining the scheme.

This reflects the strong political commitment of Mr James Callaghan to the idea of greater currency stability.

The British desire to avoid being isolated was shown in Mr. Healey's comment on Tuesday here that he "very much hoped to reach agreement."

There may be common ground in the remarks both by Mr. Healey and senior West German officials about the need for sufficient flexibility in the scheme to allow mutually agreed alterations in exchange rates, to reflect differing economic positions.

The British view is that, with the discussions on the nature of the scheme only half completed important features of the terms still have to be negotiated.

The worry is that doubts about the British commitment could make it easier for supporters of a tightly disciplined scheme to have their way.

Thus, if Britain becomes isolated, countries which also have doubts about the Franco-German plan, such as Italy, are more likely to acquiesce and not press their objections.

Bonn confidence Page 2
IMF notebook Page 4

Gas vote and trade figures cheer Carter

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Sept. 27.

THE CARTER Administration was elated to-day by two developments which it hopes should substantially improve international confidence in the dollar.

This morning, it was announced that the trade deficit in August had shrunk to $1.62bn (£0.82bn) from $2.99bn (£1.52bn) in July. This reinforces, at least for the moment, the widespread belief of both U.S. officials and other finance ministers attending the annual meeting of the International Monetary Fund in Washington that the U.S. payments deficit is genuinely narrowing.

Then, early this afternoon, the Senate at long last passed the compromise natural gas Bill. Although very different from President Carter's original proposals of April last year, the Bill is an integral part of his energy programme.

The House of Representatives still must consider the legislation, but the margin of victory in the Senate—57 votes for and only 42 against—has raised high hopes for the Bill's ultimate success.

According to the U.S. Treasury, the natural gas Bill, which provides for the final de-regulation of natural gas prices by 1985, will cut oil imports next year by as much as 500,000 barrels a day — an imports savings at current prices of about $2bn—from previously projected levels for 1979.

More generally, the Administration hopes that Senate passage of the Bill will demonstrate to the world both America's willingness to come to grips with its energy consumption and President Carter's ability — strengthened since his domestic standing has soared in the wake of the Camp David Middle East summit—to impose his will on an obstinate Congress.

On the trade account, the August deficit is very close to the $1.6bn recorded in June. This suggests that the sharp jump in July to a $2.99bn deficit may have been an aberration.

Overall, exports rose last month by nearly 6 per cent to $12.47bn, a new record. Gains were achieved across the board, but most notably in foreign sales of aircraft and soyabeans.

Imports fell by 5 per cnt, to $14.09bn, in spit of a 3 per cent increase in the imports of foreign oil. This latter development is disturbing, in that it breaks the trend of the previous few months of declining purchases of foreign oil.

The oil import figures will be closely watched in the months ahead, since a substantial increase would make clear that the benefits claimed for the natural gas Bill will be eroded or swamped.

The August returns still mean that the U.S. will almost certainly incur a record trade and current account deficit this year. Over the first eight months the trade deficit stands at $20.98bn, almost $5bn more than in the same period last year; in the full year of 1977 the U.S. trade deficit reached $26.5bn.

Mr. Michael Blumenthal, Treasury Secretary, forecast yesterday that the current account deficit, which amounted to $15.2bn in 1977, would be in the $18-$19bn range this year.

However, he foresaw a 30-40 per cent reduction in 1979, largely as a result of convergent growth rates in the major industrialised countries.

Although much uncertainty over the economic performance of the U.S. clearly persists, the trade figures and passage of the natural gas Bill cuiminate what has been a goo dseries of economic and political developments for the country.

This has helped relieve, at least temporarily, some of the pressure on Mr. Blumenthal and his colleagues from the representatives of the other nations gathered here for the IMF annual meeting.

Editorial comment, Page 22

Dollar rises then slips

BY MICHAEL BLANDEN

THE IMPROVED U.S. trade figures gave a temporary boost to the dollar in exchange market dealings yesterday. But later in the day the underlying weakness of the U.S. currency reasserted itself, and the dollar slipped back from its best levels.

At the close of London trading before the gas Bill had been voted on, the dollar was slightly up on the Swiss franc at SwFr 1.4960 compared with SwFr 1.4845 on the previous day, after touching SwFr 1.5030 at its best.

The West German D-Mark, in contrast, ended stronger at DM 1.9405 to the dollar against DM 1.9482½, though during the day the dollar had been as high as DM 1.9530.

The pound closed 10 points down at $1.9705, with its trade-weighted index at 62.6 against 62.7.

£ in New York

—	Sept. 27	Previous
Spot	$1.9755-9765	$1.9655-9670
1 month	[illegible]	0.75-0.67 dis
3 months	1.70-1.64 dis	1.77-1.71 dis
12 months	[illegible]	5.75-5.55 dis

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For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

Optimism in France on Airbus talks

By Robert Mauthner

PARIS, Sept. 27.

BRITAIN AND France made slow progress today in their attempt to reach agreement on the terms for British entry into the European Airbus consortium.

After talks last night between Mr. Eric Varley, the Industry Secretary, and M. Joel Le Theule the French Minister of Transport, it was clear that there had been some movement on both sides. But the mood was decidedly more optimistic in the French camp than in the British.

While Mr. Varley confined himself to describing the meeting as constructive, French officials considered that the negotiations were moving towards an acceptable compromise.

For the moment no further ministerial meetings have been planned but discussions will continue at official level and, possibly, between representatives of the French, West German and British aircraft industries. But the French continue to insist that an early decision is vital, even if the original end-of-September deadline set by Airbus Industrie is extended by a few days.

The French, according to authoritative sources here, appear to be prepared to drop their original demand that British Airways, which recently opted for the new Rolls-Royce-powered Boeing 757, should place firm orders for either the old B-2 and B-4 versions of the Airbus or the new 200-seater A-310.

But they will do so only if the UK also makes some concessions, such as increasing its contribution to the development costs of the new Airbus. Under an agreement reached by British Aerospace with the present Airbus partners, Aerospatiale of France and Deutsche Airbus of West Germany, which was approved by the British Government at the end of last month, the UK's contribution was fixed at £50m. This would give it a 20 per cent share.

However, the agreement was made subject to the approval of the French and West German Governments

Bonn confident EMS can begin on time

BY JONATHAN CARR

BONN, Sept. 27.

WEST GERMAN Government and monetary officials are confident that the proposed new European Monetary System (EMS) can begin work at the start of next year as scheduled, and that stringent conditions will be attached to its operation.

It is emphasised that the system is not itself intended to be either an instrument for transferring resources in Europe or of supplying credit on markedly more lax conditions than are available.

But it is recognised that in connection with the birth of the new system a stronger role may be given to existing European Community institutions for resources transfer.

One idea — of particular interest to Britain and Ireland — is of subsidising the interest rates on loans provided by the European Investment Bank (EIB). Another, connected more with enlargement of the Community than with the establishment of the monetary system itself, is of giving the EIB a bigger role specifically to help the economies of southern Europe.

The West Germans strongly resist the suggestion that they are backing away from the accord reached in Bremen in July, envisaging creation of a European monetary fund, into which each participating country would pay dollars, and/or gold and some of its national currency.

But it is emphasised that the Bremen accord mentions a time span of up to two years during which, for example, legal problems involved in establishment of the fund are to be cleared up.

Once a basic political decision has been taken to go ahead, it is expected that the system will get underway with an agreement between central banks, along the lines already existing for the currency snake.

That implies a commitment by participating central banks to unlimited quantitative support for the weak currency of a member state, but with the credit provided for the support operations repayable according to a fixed timetable.

It is not excluded that this timetable might be somewhat different in the new system from that in the snake and it is recognised that the monetary fund will also be used to provide longer-term credits for countries with balance of payments difficulties.

It is not planned, however, so to extend the timetable for repayment or to weaken the conditions as to create a large, additional source of inflation. Nor is it intended to try to prop up artificially and indefinitely the currency of a member state against a fundamental economic trend.

The Germans see the key point of the system in shielding nations from short-term currency instability, to benefit trade and encourage business confidence. Like the snake, the new system will provide for revaluation or devaluation when essential.

The fear that the proposed system would act as a giant inflation machine was widespread among West German bankers and other businessmen in the weeks after the Bremen accord, which, although detailed, left several key matters unclear.

This concern even extended to the Bundesbank—although its top leadership was informed about the plan from the start and expressed a favourable view—provided certain conditions were fulfilled. It is now clear that much of the worry has been dispelled not least by the Franco-West German accord in Aachen earlier this month. The two countries had appeared to be in dispute on a key point.

The French, in common with the British and Italians, seemed to want a flexible basis for intervention. This would have spelt dangers for West German money supply in particular. The Germans wanted a tougher system.

In retrospect, the affair seems not have been caused by a fundamental policy difference. It is understood that the French were hoping for a system which at least appeared to be different from the snake, from which the French franc has twice had to drop out. That hope has not been realised. Nonetheless, the Germans believe they will have French support as the final details of the new monetary system are ironed out.

Scandinavian air setback

BY LYNTON McLAIN

TALKS BETWEEN Britain and Norway, Denmark and Sweden on a new air services agreement have run into difficulties in Copenhagen and officials look set for a lengthy period of hard bargaining.

The two sides have tabled totally different approaches to a proposed new air agreement to replace that which expires on December 31.

The British Government wants to expand all scheduled air services with the three Nordic countries, to reduce fares and to encourage competition from independent airlines for the national flag carriers, British Airways and Scandinavian Airline Systems (SAS). The Scandinavians are understood to be committed to a less liberal approach, which would be based on BA and SAS.

Danish negotiators said at the start of talks on Monday that they were prepared for hard, long bargaining before a framework of a new agreement could emerge.

There were indications from Copenhagen that the Scandinavian delegation may have had second thoughts about its governments' cancellation of the existing agreement.

Cabin staff strike hits Air France

BY ROBERT MAUTHNER

PARIS, Sept. 27.

AIR FRANCE flights were drastically cut today as a result of a strike by stewards and stewardesses which is due to last until tomorrow.

The State airline cancelled more than 80 flights from its two Paris airports, Charles de Gaulle and Orly. Only some 20 scheduled flights were maintained.

The cabin staff have stopped work in support of demands for bigger crews on long-distance flights.

Spanish prices rise by 1.7%

By Robert Graham

MADRID, Sept. 27.

THE SPANISH consumer price index rose 1.7 per cent in August, confirming the sharp upward movement in inflation since July. Although the accumulated inflation rate for the first eight months is 12.1 per cent, the annual rate computed against the average for the past two months would be 22 per cent.

Inflation has become a major concern of the Government. The main inflationary element in July and August has been food prices. In July foodstuffs rose 3.8 per cent and in August went up a further 3.5 per cent.

Largely as a result of this the Government seems anxious to freeze food prices until the end of the year.

● King Baudouin of Belgium addressed a joint session of the Spanish Parliament today and expressed his country's support for Spain's admission to the European Economic Community, AP reports from Madrid.

Dutch NATO role queried

BY CHARLES BATCHELOR

AMSTERDAM, Sept. 27.

HOLLAND MUST reconsider its membership of NATO if the alliance deploys the neutron bomb, a leading Christian Democratic politician said today. Even if neutron weapons were not stationed on Dutch soil, Holland would be responsible for their use by other NATO members, Mr Wim Aantjes, parliamentary leader of the senior Government party said in a magazine interview.

Mr. Aantje's views, printed in Hervormd Nederland, an ecumenical weekly with a circulation of 28,000, show that a large and influential setcion of the Christian Democratic party remains opposed to the deployment of the neutron bomb.

The Government of the Christian Democratic Prime Minister, Mr. Dries van Agt kept Holland's options open on the issue in the parliamentary debate in March. But a large number of his own party voted with the opposition which was against use of the neutron bomb.

Holland has refused to take a position on the bomb—which kills people with high radiation levels while leaving buildings largely undamaged—ahead of the East-West disarmament talks.

"It is not fanciful to suppose that Holland would leave NATO if it deploys the neutron bomb," Mr. Aantjes said in the interview. "The Christian Democrats would seek a discussion of Holland's membership if it is deployed. I am not saying this for show. The most unlikely things will become possible, otherwise we are irrevocably heading for destruction."

Asked if he would favour Holland's withdrawal from NATO Mr. Aantjes would not say, "but this issue would have to be discussed and one of the possibilities would be for Holland to renounce its NATO membership."

Acceptace of the neutron bomb by NATO would lead to the "passing of limits" acceptable to Holland. He referred to an earlier report in Hervormd Nederland that the U.S. was able to convert conventional nuclear missiles to neutron weapons in the field

Kuwait ... hints at ... e increas... s year

BY WILLIAM DULLFORD

OSLO, Sept. 27.

KUWAIT'S OIL Minister, Sh... Ali al-Khalifa al-Sabah, gave ... further hint today that ... country will press hard within the Organisation of Petroleum Exporting Countries (OPEC) for an increase in oil prices later this year. The Arab oil-producing countries could not continue to tolerate the increasingly adverse effects of the erosion of oil revenues, he said. The OPEC Ministers are due to meet in Abu Dhabi in December.

Sheikh al-Khalifa was opening a three-day conference in Oslo on co-operation between Scandinavia and the Organisation of Arab Petroleum Exporting Countries (OAPEC).

Experts estimated that the price they receive for oil, expressed in 1973 dollars, was little more than half the current price of $12.70 a barrel for OPEC marker crude (on which prices are reckoned), he said. The OPEC states were also facing soaring costs for technology and capital equipment and being victimised by the discriminatory prices policies of their main suppliers.

Negotiations for a better international economic order had failed, as had talks on better terms of trade for raw material exports from the developing countries.

The means open to oil producers to correct the imbalances was to adjust oil prices upwards, he said.

The Kuwaiti Minister also complained that the industrialised countries were applying discriminatory policies to deprive the oil producers of reasonable access to world markets for refined products, petrochemicals and fertilisers. The Arab countries were, however, determined to gain a larger share of downstream operations.

The removal of trade barriers and quantitative controls against Arab products would be a quid pro quo for the fulfilment by the ...l producers of their obligations as world energy suppliers.

In a separate interview, ... Noureddin Farrag, general manager of the Arab Petroleum Investment Corporation, expressed the Arabs' impatience with what they regard as attempts by the industrialised countries, particularly in Europe, to thwart their expansion into refined products and petrochemicals.

In addition to tariffs and ... systems discriminating against Arab exports, foreign contractors involved in the Arab projects had been offering prices and fees which were considerably higher than those paid in the industrialised countries.

European refineries had to be rebuilt to meet the changing pattern of demand. They were operating at 65 to 70 per cent of capacity, not just because demand was weak but because the remaining part of their ... was not usable.

Mr. Bjartmar Gjerde, Norway's Energy Minister, agreed that ... price development in the past two years had been a heavy burden for the oil producers. Without the 1973 oil price increase North Sea oil production would have been much smaller than it was today. Further price increases would benefit, but if they were too rapid they could ... the stability of the industrialised countries.

● Sheikh Khalifa Al-... president of the Arab Shipbuilding and Repair Yard Company (ASRY) confirmed in an interview in Oslo that the Bahrain dry dock, which was inaugurated last December would show a loss on its 19... operations.

While he gave no exact figure European dry docks were expected to make an average loss above $10m this year.

UK crude production, Page ...

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Irish steel plan believed under EEC discussion

BY STEWART DALBY

DUBLIN, Sept. 27.

IN AN unexpected move the EEC Commission is thought to be considering a plan which could allow thestate-owned Irish Steel holding company to go ahead with a £40m development project which might save 700 jobs at the company's Cork plant.

The agreement involves a "switch plan" with a French concern Société Metallurgie de Normandie (SMN) under which the French company will sell products of Irish Steel in France and other EEC countries, while Irish Steel will market SMN products in Ireland.

The idea is that the swapped products will be non-complementary steel items. In this way the rationalisation plan to limit further increases in European steel output so strongly advocated by Viscount Etienne Davignon, the EEC Steel Commissioner, will not be compromised.

Should the Commission agree in principle for the plan to go ahead all that would be needed would be for the companies to finalise terms.

The tentative idea is that Irish Steel's plant will boost its outputo to 120,000 tonnes.

The scheme goes a long way towards fulfilling the target for an increase in output o f300,000 tonnes which Irish Steel estimated earlier this year would be necessary to turn the loss-making concern around. The development plan has involved the installation of continued billet casting machinery at a cost of £40m.

When it proposed its development pjlan, Irish Steel met stiff opposition from Viscount Davignon who, in a heated Dublin news conference, said the scheme was unacceptable since there could be no increase in output for steel in the Community. It remains to be seen whether a projected £20m loan discussed with the Coal and Steel Fund will be forthcoming.

Dublin plans more oil exploration

BY BRUCE ANDREWS

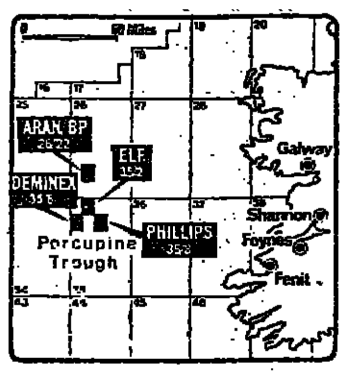
ACTIVE DISCUSSIONS are taking place between the Irish Government and major oil companies over the issue of further exclusive oil exploration licences in designated areas of the Irish continental shelf, according to Mr. Desmond O'Malley, Ireland's Minister for Industry, Commerce and Energy. An announcement on licensing may be made by the Government within the next two months.

Mr. O'Malley's statement comes at a time when the Irish offshore drilling season is drawing to a close. With 15 wells drilled it has been Ireland's most active drilling year with the biggest exploration programme off western Europe in 1978.

But results so far have been disappointing. Of 11 wells completed to date, none has shown significant indications of oil or gas although several have shown non-commercial traces of oil. Hopes rest on four wells yet to be completed in the Porcupine Trough, in the Atlantic over 100 miles off Ireland's west coast.

One of these wells, drilled by Deminex Ireland on block 35/6, is not expected to be completed until the end of October. But announcements on the other three—the Aran/BP group on block 26/22, Elf Aquitaine on block 35/2 and the Phillips Petroleum on block 35/8 will probably be made this month.

Minor oil finds are expected to be reported from the Elf Aquitaine well but it is the Phillips well which is thought by the oil industry to be the most promising. Here a test programme is in progress—for the



first time in the Porcupine area—and analysts expect the announcement of an oil discovery which will merit further appraisal drilling.

A major oil discovery in Irish waters would mean that the Government's energy proposals would have to be "radically re-written," said Mr. O'Malley.

A discussion document on energy published by the Irish Government in July notes that the country is "energy-deficient" with a near 75 per cent dependence on imported oil which "leaves us dangerously exposed in the event of any disruption . . . to oil supplies." but says it would be premature to assume that energy problems would be solved by an oil find.

Yet Ireland's entire present oil requirements could be met by a field producing 100,000 barrels a day, a small field by North Sea standards. Though the hazardous weather and deep water in the Porcupine area would mean that exploitation of a discovery there would inevitably be expensive and technically difficult.

Hence the need to maintain the exploration momentum next year. Proposals have been made for a nuclear power station in Ireland which have caused considerable controversy. "These proposals do not pass the point of no return for 18 months or so," said Mr. O'Malley. "That would give us one and perhaps part of another drilling season."

He acknowledged that the current negotiations for new licences were to some extent inspired on the Government side by the desire to see drilling activity maintained. "But I don't want to give the impression that we would weaken our position to get more exploration. We'd like to maintain the same basic terms."

Nevertheless, Mr. O'Malley emphasised, the Government would want to encourage production in the event of an oil find and might be prepared to modify its licence terms to encourage the exploitation of a marginal field. "We might, paradoxically, see a situation where we had a vested interest in a high oil price," he added.

More Danish jobless

Unemployment in Denmark rose in August to 174,800, 8.1 per cent of the total labour force, the Danish Bureau of Statistics announced yesterday, AP reports. This compared with 7.9 per cent in July and 7.3 per cent in August last year.

Bakers on strike

About 3,000 workers in large bakeries throughout Portugal went on strike yesterday in support of demands for a new wage agreement, Reuter reports from Lisbon. The strike caused a rush on small bakeries.

Plant for Abu Dhabi

Uhde of Dortmund, West Germany, has been awarded a contract by the Abu Dhabi National Oil Company for an alkaline chloride electrolysis plant to be located on the Gulf.

AMERICAN NEWS

THE BRAZILIAN ECONOMY

A nation on a looser rein

BRAZILIANS—of whom there are now between 110m and 113m—will get a new head of state, a new government, and new political parties next year. Most of them will still be struggling with an annual rate of inflation of around 40 per cent, but at least they will see an end to the arbitrary presidential powers that have been wielded for the past 10 years under a series of special laws. They will also enjoy an increasingly outspoken Press, which, since its release from censorship, has even begun crusading.

The new President, who is almost certain to be General Jaon Bantista Figueiredo, is of a very different mould from his predecessor, General Ernesto Geisel. The stern, Germanic, often-paternalistic Geisel — who, it must be said, sponsored and pushed through the political reforms from which Brazilians will soon benefit—contrasts with Figueiredo's plain-spoken, back-slapping gregariousness. Nevertheless, the new head of state is still a military man, dedicated to pursuing the revolution begun with the military coup of 1964.

Brazil's major Government ministries are run by civilians, products of the world of banking and industry, who, in several cases, enjoy far more autonomy than a British Cabinet Minister or a member of the U.S. Administration. The Palace of Planalto, the presidential seat in Brasilia, nevertheless imposes from above when it feels the need. To what extent General Figueiredo will do this will depend on his eagerness to control as many facts of Government as possible, and on the ambitions and determination of his future close advisers. President Geisel's advisers have wielded extensive powers—and the majority are military men.

Because General Figueiredo has already shown a taste for getting out and about in civilian life there are expectations that his administration might be more open to consultation than his predecessors.

What the new rulers will face is a large country, of more than 8.5m sq km, where there is an almost visible frontier between the highly developed south and the backward north: between the high earners and the impoverished and between widespread calls for more equitable distribution of income and those for perpetuation of elitist privileges.

FIGUEIREDO: 'plain spoken, back-slapping and gregarious'

Sixty-one per cent of Brazilians now live in urban areas. More than 50 per cent are under 20, and 37 per cent are gainfully employed—if "gainfully" accurately describes the 37.4 per cent who last year earned less than twice the national minimum wage, then $40 and now $82 a month.

Thirty per cent of Brazilians over the age of five are illiterate, only 46.9 per cent (according to 1976 statistics) have piped water in their homes, 34 per cent still cook by wood fires, and 5 per cent have no domestic cooking facilities at all. 31.3 per cent have no drains, and 40 per cent have no electricity.

Acording to the Rio de Janeiro Institute of Economics, the gap between Brazil's richest 5 per cent and poorest 20 per cent is widening.

The 1977 per capita income of $1,440 (compared with $2,635 in Venezuela), and its 5.5 per cent rise compared with 1976, mask the fact that the income of the richest 5 per cent rose by 133.7 per cent from 1970 to 1976—while that of the poorest 20 per cent rose by only 50 per cent.

With annual inflation remaining around 40 per cent, the strains on lower wage-earners' twice-yearly pay adjustments have been recognised by the Government. There is evidence that the rigid formulae for these adjustments have led to a drop, not a rise, in real wages in the past two years. The Government's minimum-wage policy is based on official calculations of the monthly cost of "minimum rations," housing, clothing, hygiene and transport.

The "minimum rations" were first established in 1938, for a family of four people. They comprise: 6 kg of meat, 6.5 litres of milk, 4.5 kg of beans, 1.5 kg of flour, 6 kg of bananas, 9 kg of tomatoes, 6 kg of bread, 3 kg of sugar and 650 grammes of butter.

Today in Rio de Janeiro this package costs Cr 780 ($41.37) a month—officially, at least. But according to independent statistics, the cost is closer to Cr 1,704 ($90.39), which is more than the national minimum monthly wage of Cr 1,560 ($82.75)—and this is for food alone.

According to official statistics a Rio de Janeiro rent for a minimum wage-earner and his family would be Cr 390 ($20.68) a month. However, according to the national daily newspaper Jornal do Brasil such a figure is totally unrealistic, especially in Rio, where a small house on the city's fringes costs at least Cr 500 ($26.52) a month and a one-bedroom apartment closer to the city centre costs at least double that—and with no bathroom. A two or three-bedroomed home would cost at least Cr 3,500 ($185) a month, putting it out of reach of the minimum wage-earner.

Savings on rent gained by living further out of town are wiped out by high transport costs, which, according to the Getulio Vargas Economic Foundation, have risen 43 per cent in one year in Rio de Janeiro. This makes the cost about Cr 225 ($11.95) a month: almost three times as much as the government calculation of Cr 93 a month.

As a point of comparison, it might be said that Rio's higher wage-earners are proportionately as crippled by rents as are their less affluent counterparts. Generally, rents have risen by 38 per cent a year in the city, and today one-room studio flats with bathroom and kitchenette are impossible to find for less than $370 a month.

Meanwhile, flats which describe themselves as "luxury" but are generally jerry-built rows of box-like dwellings in a reasonably safe area, can cost anything from $1,000 to $2,000 a month, or $50,000 or more to buy.

To these sums must be added rates, electricity, water, gas and telephone bills and porters' fees, all of which rise constantly. Offsetting the low wages to some extent are social security benefits of fairly recent introduction.

The Geisel Government, in particular, has increased in size and number the range of family allowances, subsidised medical treatment and other benefits, as well as pushing through a disease-prevention campaign, with child and adult vaccination or inoculation, mosquito control in urban and rural areas, and the speedier installation of piped water and drainage. These are noticeably improving health standards.

The dilemma, however, is clear: Brazil has embarked on massive industrial investment with a dual purpose — to accelerate growth and to replace expensive imports. The 1977 GDP totalled $164bn. Exports, totalling $12.1bn, exceeded imports by just over $100m.

The emphasis has been on building up the capital goods industry and strengthening the infrastructure: on expanding energy sources by new, often gigantic hydroelectric schemes, on intensive searches for domestic oil (oil imports are expected to reach nearly $4bn this year), and on export-geared farming (especially coffee, cocoa, soya and sugar). At the same time a clamp has been put on domestic consumption, and the public has been coaxed to put its money into savings banks, building societies or other forms of mass savings.

It has been felt by Brazil's senior technocrats and military economic strategists that the first priority must be to enlarge the size of the national cake, and that only then can income be more equitably distributed—on the premise that the higher earners are naturally the best savers and that, through taxation, part of their wealth flows into the public coffers.

GEISEL: 'stern, paternalistic, but pushed reform'

In practice, however, the high earners have turned into high spenders, eschewing their savings books while buying cars, property, and durable consumer goods.

The transition from authoritarianism and paternalism in Brazil will not be easy or swift, but it is more difficult to dictate to 110m or 130m people than to 60m or 70m, especially when the majority is young.

Many observers here feel that if the Brazilian regime has sought to "open up," it is because national circumstances and the national mood make it inadvisable to attempt to continue autocratic control.

AMERICAN NEWS

Marshall sets deadline for rail strike solution

BY STEWART FLEMING

NEW YORK, Sept. 27.

AMID *growing fears* that a clerks' strike could bring the U.S. railway system to a halt, the Carter Administration entered the dispute today.

Mr. Ray Marshall, U.S. Labour Secretary, announced that the Administration was giving the Norfolk and Western Railway and the Bortherhood of Railway and Airline Clerks (BRAC) 24 hours, until noon tomorrow, to resolve the strike.

"If this deadline passes without an agreement both sides can expect with certainty that the Administration will take further action," he said.

The dispute between the Norfolk and Western, a major railway with operations in 16 States, and the union has been simmering for two years, with the union demanding job protection against automation of clerical functions.

For the past two months, the clerks have been on strike and the railway has been operating with only supervisory personnel.

In recent weeks, however, BRAC, claiming that the N and W has not been negotiating in good faith, has been sending pickets to other railways which intersect with the N and W.

Yesterday, the impact of picketing grew dramatically. According to the American Association of Railroads, about 60 per cent of the nation's rail system was halted, with commuters in places as far apart as Washington and Chicago having difficulty getting to work.

A major concern, however, is the impact such a strike could have on industry and food supplies throughout the U.S. in a matter of days.

General Motors and Ford, the two biggest car makers, said today that they are already trimming production schedules at plants were parts are in short supply.

The overall situation is complicated by moves by other independent railways including Union Pacific and Burlington Northern, two of the largest, to get court injunctions against the pickets.

There were some indications early today that these moves, coupled with the Labour Secretary's intervention were having an impact in easing the picketing which in turn will allow railways hit by the sympathy action to resume.

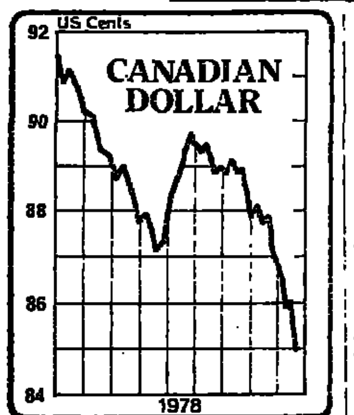
Pickets were being pulled down at the Burlington Northern this morning and also at the Chicago and North Western Railroad and the Chicago, Milwaukee, St. Paul and Pacific Railroad.

Mr. Marshall has appointed Mr. James Reynolds as a mediator in the dispute and must now be hoping that the Administration's intervention will lead to a quick settlement.

If not, some uncertainty exists about what action the Administration can take under the *special regulations* which apply to railway and airline disputes.

The two industries are exempted from the Taft-Hartley Labour Law which provides for 80-day cooling off periods in disputes creating a national emergency.

Instead, a separate procedure exists under the National Mediation Board, but it is unclear how it would be applied to this dispute.



Canadian dollar 'is floating'

WASHINGTON, Sept. 27.

THE Canadian Government is not thinking of imposing exchange controls to prevent the Canadian dollar declining further in foreign exchange markets. Mr. Jean Christien, Canadian Finance Minister, said.

"The currency is floating," he stated. "Our intervention is aimed at moderating the speed in the change of the market rate for the dollar."

Reuter

Mexico 'to shelve suburban project'

BY WILLIAM CHISLETT

MEXICO CITY, Sept. 27.

RESTRICTIONS ON Mexico's foreign borrowing imposed by the IMF have apparently led the Mexican Government to decide to shelve its suburban rail project—scheduled as the largest planned by the world railway industry.

While officially no decision has been announced by the Government, privately Sr. Jose Lopez Portillo, the Mexican President, told Mr. Toshio Todo, president of the Japanese employers association (Keidanren), yesterday that the project was off for the time being because of the IMF's limits.

Mr. Todo is here at the invitation of Petroleos Mexicanos (Pemex), the State-owned oil company.

Other reasons for putting off the project were that it was now general Government policy to invest more outside Mexico City, and that the Metro, the city's underground railway system, was built not so long ago, the president told him.

The first stage of the contract to lay in 82 kilometres of track would have been worth almost $1bn. Front-runners for the contract included GEC Transport Project, leading the British group, Japan, Canada and the 50 Hertz Group, a European consortium, were also in the running.

The IMF imposed a net borrowing limit of $3bn for 1977 and the same amount for this year. Mexico kept to the figure in 1977 (when its debt went up from $20bn to around $22bn).

Earlier this month, the Mexican President announced that at June 30, total foreign debt stood at $25bn, making Mexico, with Brazil, the most indebted country in the world.

Observers have expressed surprise that the reason for shelving the project was that the IMF's limit for Mexico was on target this year. Also, the front-runners in the project are reported to have been ready to put up most of the cost.

One of the reasons for shelving the project may be the Government's attempts to decentralise Mexico City, which with a population of 13m, is overcrowded. By the year 2000, the city's population is expected to be 30m, which would make it the largest city in the world.

Canada jobless cover-up claim

BY VICTOR MACKIE

OTTAWA, Sept. 27.

LOCAL AND REGIONAL manpower officials have been ordered by the Canadian Government to suppress information on real unemployment rates to avoid embarrassing the Employment Minister, Mr. J. S. G. Cullen, documents made public on Tuesday by the new Democratic Party leader, Mr. Ed Broadbent allege.

"I have been saying for some time that the real level of unemployment in Canada far exceeds the official figures which are published each month. If this is not so, as the Government has always argued, then why it is now necessary to suppress data from officials in this field" Mr Broadbent asked.

"It again appears that the Government is more interested in hiding the real extent of the problem from the Canadian people, rather than admitting the mess they have created and doing something about it," Mr. Broadbent added during a news conference.

The NDP leader said he would pursue the matter when the House of Commons reconvened on October 10

The documents claim to show that regional and local manpower officials were instructed to hide and suppress any "local area estimates of numbers of unemployed or employed, particularly by occupation or industry," because these might conflict with official figures published in Ottawa.

Mr. Cullen told a news conference that calculations of the numbers of unemployed and employed in local areas on the basis of occupation or industry were for internal use by the department and were not for public consumption.

Meanwhile, Canadians have been warned that they could face wage and price controls again if they try to obtain pay increases to match the recent *rise in the cost of living*. The warning came in an editorial in the first quarterly report of the Centre for the Study of Inflation and Productivity, an arm of the Economic Council of Canada.

Postmen end rotating strikes

BY OUR OWN CORRESPONDENT

OTTAWA, Sept. 27.

CANADA'S POSTMEN have terminated their rotating strikes after day-long meetings with Mr. Andre Quellet, acting Labour Minister.

The announcement came after 11 hours of negotiations between the Letter Carriers Union of Canada and Government representatives.

Details of the settlement have not been made public but are being sent to the 19,000 postmen for their approval.

Meanwhile, Canada is facing yet another postal strike with the Canadian Union of Postal Workers, which represents the inside workers.

U.S. COMPANY NEWS

Delta Airlines moves towards Boeing purchase: Eastern Airlines may seek protective merger: General Tire still lags—**Page 28**

OVERSEAS NEWS

Iranian oil industry workers on strike

By Andrew Whitley

TEHRAN, Sept. 27.

SERIOUS industrial troubles are affecting Iran's main oil producing areas, in the southwestern province of Khuzestan where a strike by several thousand workers is now in its fourth day.

While the dispute is unlikely to have an immediate impact on production, officials say that maintenance, new exploration and development work will suffer, with consequences that may not be seen for months, if not years.

Unofficial estimates suggest that a total of over 10,000 workers in the oil industry and related fields in Khuzestan are presently either on strike or taking some form of industrial action.

Strikes are technically illegal in Iran. So, in the case of the daily paid employees of OSCO, the Oil Services Company of Iran, the men have been turning up but then refusing to work. OSCO is the local production arm of the 14-member Western consortium, led by BP, which produces and exports most of Iran's oil.

In a statement today the National Iranian Oil Company (NIOC), which is in overall charge of operations, said that the management is considering the strikers' demands, many of which were "reasonable," and could be met. Details have not been disclosed, but they are known to include a substantial pay rise and improved fringe benefits, such as housing allowances.

NIOC's chairman, Mr. Houshang Ansari, and two of his closest aides were involved in a meeting late yesterday, in an attempt to settle the potentially serious dispute.

According to NIOC, only a limited number of OSCO employees are involved. Independent sources dispute this claim, saying that labour unrest in Khuzestan is long-standing, having for some months plagued companies under contract to OSCO, especially in drilling work.

Nearly 8,000 daily paid workers are employed in the old "consortium area" of Khuzestan, where most of Iran's oilfields are located. It is claimed that the 4,500 staff employees are prepared to support the strike from next Tuesday if the demands are not met.

Labour unrest of this sort is a new phenomenon in the area. A more familiar problem in recent years has been the high turnover of employees because of the better wages on offer in the private sector.

The industry is largely automated and could, if necessary, be run for some time by a skeleton management staff, in the opinion of oil experts.

No political motives are evident, though if the strike were to persist it would clearly have serious economic, and therefore political, consequences. "Before they get to that point the strikers will be ordered back to work at bayonet point," one source commented to-day.

Reuter adds: All political prisoners in Tehran's main jail have gone on hunger strike against martial law, according to a spokesman for the Committee for the Defence of Human Rights, a prominent dissident group. He said in Tehran that the prisoners had started the indefinite strike last Sunday. Confirmation was not available from officials, and it was not known how many prisoners were involved.

Meanwhile, Moslem clergy from north-west Iran today protested against the reported house arrest in Iraq of exiled Iranian Ayatollah (spiritual leader) Mr. Ruhollah Khomeiny.

S. African GNP growth unlikely to top 2%

BY QUENTIN PEEL

JOHANNESBURG, Sept. 27.

GROWTH OF real gross domestic product in South Africa this year is unlikely to exceed two per cent, and further economic stimulation may be necessary, according to the Prime Minister's influential Economic Advisory Council (EAC).

Such a low growth rate could mean a further deterioration in unemployment, and a further decrease in profits and real incomes. Moreover, a higher growth rate "would do much to restore confidence, both here and abroad, in the long-term potential of the South African economy," the council says in the report of its latest meeting.

The EAC, the members of which include leading representatives of organised business as well as the Government's top economic advisers, says the March budget measures have not yet had the desired effect of stimulating the economy, but rather have had a "dampening effect." One reason has been the notable success of the Treasury's loan programme, which after five months of the financial year has raised some R1.2bn out of an annual target figure of R1.7bn.

The council suggests that any stimulation should also improve profit prospects, in order to encourage new investment "financed from both foreign and domestic sources." If growth were accelerated, "foreign investors would in due course increasingly consider direct long-term investment in South Africa despite the political risk as they see it," it says.

The council's call was backed today by the executive council of the Federated Chamber of Industries (FCI), meeting in Durban, while a number of prominent businessmen warned of the dangers of a lagging growth rate. A report by the FCI's economic affairs committee said manufacturing industry had been "*showing signs of stress*" in recent years.

There were growing pressures on industry, including the increasing isolation of South Africa, for greater self reliance. More incentives were needed to cope with such pressures, as well as continuing encouragement for foreign investment.

However, the demands of industry are unlikely to win an immediate response from the government. Mr. Chris Heunis, the Minister of Economic affairs, warned here today that South Africa would have to learn to rely less on foreign investment. There had been an increasing tendency to rely on foreign capital, particularly for the heavy infrastructure investment in the early 1970s, he said. "These are tendencies which we would in our national interest have to arrest and even reverse."

Measures which have been proposed for possible early stimulation of the economy include final abolition of import surcharges, which were reduced in the budget from 15 to 12½ per cent The EAC suggests that the Government should consider some selective tax cuts, and might also consider "selective increases in Government expenditure . . . if this should merely amount to speeding up projects that had already been accorded high priority."

But while the Government response to the EAC meeting, published in today's statement, recognises the lack of effective stimulation in the early part of the financial year, it argues that measures already taken — including lowering the rate of interest on Government bonds and reducing the statutory requirements for institutions to invest in Government bonds — should be adequate.

"Further appropriate measures will be considered in the light of circumstances from time to time to carry out the objectives that have been laid down," it says.

P. W. Botha leads contest

BY QUENTIN PEEL

JOHANNESBURG, Sept. 27.

MR. P. W. BOTHA, the Minister of Defence, was emerging today as the man most likely to win a close contest to succeed Mr. John Vorster as Prime Minister.

In spite of intensive efforts to persuade either or both of the other two candidates—Dr. Connie Mulder, the Minister of Plural Relations, and Mr. Pik Botha, the Foreign Minister—to withdraw, a contested vote at tomorrow's meeting of the National Party parliamentary caucus in Cape Town now appears inevitable.

Although it is not thought that any of the candidates would gain the necessary overall majority in a three-way contest, political observers believe that if either Dr. Mulder or Mr. Pik Botha pulls out first, enough of their support would go to the Defence Minister to give him victory.

Dr. Mulder's position, once seen as the strongest, is thought weakened by yesterday's announcement by Mr. Voster that investigations were still continuing into the activities of the *Department of Information*, which Dr. Mulder used to head.

Mr. Voster said that while the department had been cleared of any financial impropriety in its regular activities, investigation of its secret diplomatic efforts continues.

An indication of the closeness of the contest came today with the news that Senator Owen Horwood, the Minister of Finance, who has been attending the IMF meeting in Washington, will fly back tomorrow and be ferried in a South African Air Force jet to Cape Town to be in time for the caucus meeting.

Kaunda nomination challenge

By A Correspondent

LUSAKA, Sept. 27.

THE HIGH COURT here is to be asked to declare null and void President Kenneth Kaunda's nomination as sole candidate in next December's presidential elections.

The application, made by two leading political opponents of Dr. Kaunda—former vice-president Mr. Simon Kapwepwe and veteran politician Mr. Harry Nkumbula—will be heard on October 2 and 3.

Dr. Kaunda was nominated sole candidate by the 600-man National Council of his ruling United National Independence Party (UNIP) earlier this month under controversial constitutional amendments enabling the council to make the choice and tightening up qualifications for presidential contenders.

Mr. Kapwepwe, Mr. Nkumbula and a Lusaka businessman, Mr. Robert Chiluwe, had earlier announced that they would campaign for the UNIP nomination, but all three challenges fizzled out as the controversial amendments were deemed approved by the UNIP general conference, meeting in tandem with the national council.

• Zambia's chronic problems in exporting copper and the resultant foreign exchange shortfall have forced it to launch negotiations with the International Monetary Fund (IMF) intended to ease conditions for further disbursement from a $393m IMF loan, according to informed sources here.

The negotiations concern an IMF condition that the imports pipeline be reduced to less than $500m by some Kwacha 55m by the end of this month.

Namibia debate build-up

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Sept. 27.

DR. DAVID OWEN, the British Foreign Secretary, held further talks today with other Ministers attending the UN General Assembly in preparation for the expected meeting of the Security Council on the Namibia question.

Meanwhile, the African states toned down a tentative draft resolution they circulated earlier in the week, deleting a proposed *determination by the council that* South Africa's decision to hold elections in the territory without any UN involvement constitutes a threat to international peace and security.

But the African members still retained in their text a paragraph stating in effect that if South Africa refused to allow the UN to supervise Namibian elections the council should meet again not later than October 5 to consider enforcement measures under the mandatory provisions of Chapter VII of the UN charter.

The main purpose of the proposed council meeting, which Dr. Owen, and the U.S. Secretary of *State, Mr. Cyrus Vance*, may attend if the timing is right, is to approve the recommendations for the big UN military and civilian operation in Namiba published on August 30 by the Secretary-General and call for co-operation in their implementation.

Sri Lanka ban lifted

COLOMBO, Sept. 27.

FOREIGN COMPANIES can now repatriate profits earned in Sri Lanka and non-resident shareholders can receive dividends from locally registered companies, a Central Bank spokesman said today. This lifts restrictions in force since 1967.

The Central Bank's Exchange Control Department has told authorised foreign exchange dealers that profits and dividends can be remitted to foreign investors subject to certain conditions.

Company auditors must certify that the amounts remitted represent profits in the latest fiscal period, and not undistributed earnings from previous years, company reserves or proceeds from asset sales.

The Central Bank spokesman said a schedule of beneficiaries receiving profits must be submitted to the Exchange Control Department by the company.

The foreign investors must also be certified as non-residents of Sri Lanka and a tax clearance certificate submitted in the case of non-resident partners, he added.

Reuter

Malaysian electricity costs rise

BY WONG SULONG

KUALA LUMPUR, Sept. 27.

MALAYSIAN INDUSTRY and commercial enterprises will have to pay 20 per cent more for electricity supplies following a new contract between the National Electricity Board (NEB) and two oil companies, Shell Refining Berhad and Esso Malaysian Berhad. The contract will almost double the price of fuel oil supplied to the board.

The NEB said it had recently signed the contract for a period of five years and four months.

Assad starts talks with Saudis

TAIF, Sept. 27.

PRESIDENT HAFEZ ASSAD of Syria, on a Middle East tour to rally support for the hard-line Arab stand against the Camp David accords, today began talks in Saudi Arabia.

President Assad, who arrived last night from talks with King Hussein of Jordan, conferred with Saudi Arabia's Crown Prince Fahd Ibn Abdulaziz in the summer resort of Taif.

Saudi Arabia, Egypt's main financial backer, has described the accords as unacceptable because they did not make absolutely clear Israel's intention to withdraw from all occupied Arab territories, including Jerusalem.

President Assad last week hosted a summit of the anti-Sadat front—comprising Syria, Algeria, Libya, South Yemen and the Palestine Liberation Organisation which vowed to wreck the Camp David framework.

After President Assad left Amman last night, King Hussein said he and the Syrian leader shared the same desire for a just and durable peace in the area "but not on the basis of what we have been offered in the recent past."

Meanwhile, King Khaled, of Saudi Arabia, left this morning for medical treatement in Cleveland, Ohio, after spending four days at his lakeside villa just outside Geneva.

While in Switzerland, the King was visited by Mr. Hassan El Tuhami, the Egyptian Deputy Prime Minister for Presidential Affairs. Geneva authorities said the pair held "lengthy discussions" and that Mr. Tuhami was scheduled to return to Egypt today or tomorrow.

King Khaled reportedly will see a heart specialist in Cleveland. He underwent open heart surgery there in 1972.

In Beirut, fresh fighting erupted today and right-wing sources said one civilian was killed and nine wounded in a Syrian mortar bombardment of the south-eastern district of Hadath.

Agencies

Resignation warning by Begin

By David Lennon

TEL AVIV, Sept. 27.

MR. MENAHEM BEGIN, Israeli Prime Minister, threatened to resign today as more than one-third of the members of the ruling coalition expressed their opposition to the Camp David peace agreements.

The threat was made as the Knesset, Israel's parliament, debated the accords worked out by Israel, Egypt and the U.S.

The coalition has been rent by the Egyptian demand for Israeli agreement to the removal of its settlements from Sinai as a prerequisite to holding final negotiations on an Egypt-Israel peace treaty. During the morning, 44 of the 69 coalition members of the coalition members appeared certain to support the Government. But with up to 40 Opposition members likely to approve the accords, the Government is confident of a comfortable majority in the 120-member House.

The revolt among members of his right-wing coalition worried the Prime Minister. At a Cabinet meeting this morning he said that if he failed to win the backing of a majority within the coalition, he would resign.

Mr. Begin also told the Cabinet that any Minister voting against the Government would be considered as having resigned. As a result, at least three ministers who had been planning to vote against the Camp David pact are more likely to abstain, which the Premier appears ready to tolerate.

Thousands of people who live in the new Israeli settlements built on Arab territory occupied in 1967 demonstrated outside the Knesset against abandonment of the Sinai settlements. Those who live on the West Bank and Golan Heights fear that if the Government gives up the Sinai villages it will be their turn next.

With 76 members seeking to address the House, the debate could run into the small hours of the morning, and there is a possibility that the vote will have to be postponed until tomorrow.

Japan exchange talks ending

WASHINGTON, Sept. 27.

JAPANESE Vice-Minister of Finance for International Affairs, Mr. Takehiro Sagami, said here the Japanese Government hopes to reach a conclusion in its discussions about the releaxation of foreign exchange controls at the end of this year.

The programme of relaxation, he said would be such as to move the recommendations on exchange controls through the Japanese Parliament early in the new year.

However, the principle espoused by Mr. Tatsuo Murayama, the Japanese Finance Minister, of relaxing exchange controls to the point where the system accepted the rule on foreign exchange as "free in principle, banned in exceptional cases" reflected arrangements already in place, Mr. Sagami suggested.

Reuter

Tractors for Iran

Reliance-Mercury of Halifax, Yorkshire, has won orders worth £275,000 for its Haulmajor Mark 2 heavy duty dockyard tractor from Iran and Saudi Arabia. Nine left-hand drive Haulmajors are being shipped from Felixstowe for use at the Port of Bandar-e Shapur.

Nicaragua attacks SDR ruling

By Jurek Martin

WASHINGTON, Sept. 27.

NICARAGUA TODAY sharply criticised the International Monetary Fund—and by implication the U.S.—for denying it immediate access to IMF finance.

In a speech to the IMF and World Bank meeting here, Sr. Roberto Incer Barquero, president of the Nicaraguan Central Bank, said that the refusal automatically to grant his country 13.5m Special Drawing Rights (approx. $17m-worth) of assistance under the IMF's compensatory finance facility was *unprecedented in the history of* the institution.

The IMF board deferred a decision on the Nicaraguan request shortly before the annual meeting, extensibly because insufficient data was available as the likely damage to Nicaraguan export earnings because of the civil strife in the country.

In reality, the U.S., with the full support of many Latin American countries, was unwilling to provide the Somoza regime with extra international financial support at a time when it was seeking to impress on the Nicaraguan Government the need for internal changes.

Sr. Incer Barquero claimed that Nicaragua had again demonstrated its political maturity by preserving its economic and social stability.

The IMF World Bank Meeting

How to keep your head down

BY JUREK MARTIN AND PETER RIDDELL

"HE WAS a bit like Jimmy Carter before Camp David," a senior IMF official commented. He did not go on to say that now that the IMF meeting was over the hump, Jacques de Larosière de Champfeu could be compared with the U.S. President after his Middle East triumph, but the satisfaction was clear enough. The 48-year-old new managing director of the IMF had cleared his first public hurdle with some ease.

Ever since taking over from Dr. Johannes Witteveen in the late spring, de Larosière has had his head down. He has very correctly refused all requests for interviews from the Press: as far as can be gleaned he concentrated on his financial and bureaucratic homework, necessary because, in spite of a career spent in French economic and Treasury departments and as personal adviser to President Giscard d'Estaing, the IMF can be a minefield full of technical and political explosives.

It took even Witteveen nine months to master the intricacies of the managing directorship, and some of his predecessors appreciably longer. But de Larosière, according to insiders, has learned fast and effectively.

His biggest victory to date, if it can be called such, has been to help dissuade the staff of the IMF from going on strike over a salary dispute this week. When he took over the staff's mood was rebellious, but by backing a modest second stage salary increase — and by working to convince the U.S. government that the staff, which has not grown in size for six years, is not entirely composed of over-paid, under-worked and overweening economists — he has won a measure of goodwill from beneath.

In his public performances here, as well as in board meetings over the past few months, he has shown a nice diplomatic touch and an ability to find consensus. He has conducted board sessions in English, not French, which may have disappointed Francophiles but which has revealed an adequate use of the lingua franca of international monetary affairs, not quite as good as his predecessor but perfectly serviceable. Although inevitably overshadowed at the interim committee Press conference on Sunday by the irrepressible Denis Healey, de Larosière was even moved to correct gently some of the Chancellor's grosser inaccuracies which confused such esoterica as restitution, remuneration and reconstitution.

There is one cloud, however, on the horizon. Such has been the sweetness and light suffusing this week's sessions, over which he has presided, that one is left to wonder what will be the impact on de Larosière if the major industrialised economies do not happily converge, as the new wisdom suggests. If that is the case, and if a year from now, in Belgrade, the world is still saddled with huge payment imbalances and currency instability, then de Larosière may be criticised for having accepted complaisantly the popular doctrine of today.

DENIS HEALEY is seldom regarded as excessively self-effacing, but he may be less than keen to trumpet aloud his selection as one of the world's five best Finance Ministers by Institutional Investor, the U.S business magazine. The compliments certainly flow in the article. Mr. Healey is said to have "held the UK economy together as well as anyone could, in the view of many bankers, and he has restored the international community's confidence in the UK's economic management." He is considered to be "a capable administrator and businessman, as well as a politician."

"Healey's emergence as a world economic statesman has also won him high marks from bankers. . . . Perhaps Healey's biggest achievement, however, at least in the view of many bankers, is his political survival."

The reason why Mr. Healey may be slightly shy about showing the article around too widely is the identity of the other Finance Ministers on the podium of the alleged world's best. The magazine's front cover also features Finance Ministers from Argentina, Brazil, the Philippines and Saudi Arabia, hardly the best of company for a Labour Chancellor.

THE IMF meeting believes a moderate world economic revival is in the offing, Herr Hans Matthoefer, the West German Finance Minister, has said, Reuter reports, quoting a radio interview broadcast in Saarland. The Minister said the meeting was taking place in a mood of cautious optimism.

THE IMF and the World Bank are holding their joint annual meeting on the edge of the Washington suburbs in a hotel whose layout and design have been sufficiently oppressive to deter potential visitors. One British Treasury official present described the Sheraton Park as a period piece ("late Eisenhower"), and, indeed, the hotel is characterised by the unimaginativeness of the late 1950s.

The heavy style is in many ways appropriate for a meeting of this sort, with its hordes of solid, sound and slightly dull bankers and officials. All the participants have to go through a narrow lobby, and the squeeze is such as to give a new meaning to that poignant epitaph below the Statue of Liberty: "Give me your huddled masses." But relief is at hand, since this is likely to be the last time the meeting is held in the present building before it is reconstructed. There may even be some nostalgia for the present home next year when the meeting is held in Belgrade.

ONE COULD be excused for concluding that the IMF and World Bank conclave is in reality an excuse for one long round of parties, with several thousand bankers, journalists, acolytes and parasites pushed to fit business in between the long round of gins and tonics.

There is, of course, a sleek collective smugness about the bankers. It is fair to say that the British have the loudest voices, the French and the Italians are the thinnest and best-dressed, the Germans appear as assertive as the Deutschmark, while it is sometimes surprising to realise that representatives of the most radical regimes (Iraq springs to mind) are indistinguishable from the rest.

When President Carter came to address the meeting on Monday, the U.S. Secret Service, consumed with security, locked up several dozen participants in the Sheraton Park's coffee shop. It was perhaps illuminating that the most strenuous objection to such confinement came from one large German banker.

The *pièce de résistance* this year was provided by the U.S. Treasury, which held its bash in the marvellous atrium of the spectacular new east wing of the National Gallery, replete with a discreet string quartet and with many of the guests happily satisfying their finer tastes by wandering round the lovely small galleries and gazing admiringly upwards at the magnificent Calder mobiles.

Olga Green

M. Jacques de Larosière de Champfeu

But the social visit of the week may well be coming after the crowds have gone home. On Saturday, Mr. Edwin H. Yeo III, the former Treasury Under-Secretary whose name is deeply etched in British minds because of his central role leading up to the IMF loan to Britain two years ago, and who is now running the international side of the First National Bank of Chicago, is to marry Miss Margaret Lyford (Gretchen) Greene, vice-president with the Federal Reserve Bank of New York. This union of the regulated and regulator, to be held just outside New York, will be attended by a galaxy of bankers — central, commercial and merchant. Arthur Burns, no less, is to be an usher. Mr. Yeo, it can be reliably reported, is looking positively benign these days.

حجلة من الأصل

WORLD TRADE NEWS

Nippon Electric and RCA win Soviet TV contracts

BY DAVID SATTER MOSCOW, Sept. 29.

THE SOVIET Union has concluded contracts with Japanese and U.S. companies for technology and equipment to upgrade and expand Soviet manufacture of colour television sets, for which there is an increasing internal demand.

Two Japanese concerns, Nippon Electric and Kanematsu-Gosho have signed a contract with the Technopromimport Soviet foreign trade association worth $65m for a colour TV picture tube manufacturing facility.

The plant will have two production lines with a capacity of 1,500,000 picture tubes producing three 20-inch tubes to every seven 26-inch tubes. It will take two and a half years to complete but the location of the plant was not disclosed.

The American company, RCA, at the same time, has signed a contract worth more than $25m with the Licensintorg foreign trade organisation for a colour television picture tube plant to be set up at Voronezh, where several other television manufacturing plants are to be located.

This is RCA's first major project in the Soviet Union since the pre-war period when RCA built an electric bulb plant in Moscow. Its recent activities have been limited to finished product sales.

RCA has also concluded a ten year scientific and technical co-operation agreement with Licensintorg covering the exchange of patents and licenses for the manufacture of colour TV picture tubes.

Colour television sets now appear to be the Soviet Union's second most sought after consumer item after private cars. The entire country can receive colour television transmissions through the Sputnik satellite and demand for colour television sets is increasing with the approach of the 1980 Olympics.

Mr. S. Y. Voron, vice-president of Licensintorg, said that the aim of importing American and Japanese television technology is to improve the quality of Soviet colour television but also to facilitate wider production.

● National Panasonic, Japan's largest producer of consumer electronics products, has placed orders with two British manufacturers for the supply of loudspeakers that will be marketed under its brand name in Britain. The two companies to supply speakers to National Panasonic are Ingham Mitrefold of Knaresborough, Yorkshire, and Son Audax of Eastleigh, Hants. The contracts are expected to be worth in excess of £500,000 in the next 12 months.

ITT in Brazilian deal

BY SUE BRANFORD SAO PAULO, Sept. 27.

COLORADO Radio e Televisao, the largest totally Brazilian television manufacturer, has finally given in to pressure to co-operate with the multinationals.

Mr. Salim Abdalla Chamma, managing director of Colorado, said that negotiations are drawing to a close with the German subsidiary of the U.S. giant, ITT, for the supply of colour TV kits, to be manufactured in Korea and assembled in Manaus.

Since the creation of Manaus free port in 1967, which permits the import tax-free of components for the electronic industry, Brazilian manufacturers have been increasingly unable to compete with the flood of cheap televisions, radios, tape recorders and record players, mainly imported from Japan, that have swamped the market.

Colorado and Gradiente, a manufacturer of sound equipment, were the only two large Brazilian companies to have resisted the onslaught.

Standard Eletrica, ITT's Brazilian subsidiary, used itself to manufacture black and white televisions in Brazil. However, it discontinued production over 10 years ago when ITT decided to pull out of the sector of electrical and electronic household goods and concentrate on telecommunications equipment.

Petrochemical plan goes ahead

BY DIANA SMITH RIO DE JANEIRO, Sept. 27.

CONTRACTS have been signed in Washington for a $93.5m loan from the InterAmerican Development Bank (IDB) to Brazil's Copesul (Southern Petrochemical Company), co-ordinating body for the country's third petrochemical complex, due to be built in the extreme southern state of Rio Grande do Sul.

The total cost of the new complex will amount to $847m. Apart from the IDB loan, $334.4m will be contributed by Petroquisa, the petrochemicals branch of Brazil's oil monopoly, Petrobras which, as in the second petrochemical complex (in Camacari in Bahia State) will be the linchpin of the raw materials unit, and take, through Copesul, a one-third share in the downstream units.

Another $241.7m will be supplied by the Brazilian National Economic Development Bank, as back-up for the contribution of Brazilian private industry to the complex (as in Camacari, this sector will take a one third share in the downstream units).

French participation in the complex is of importance. Bras Technip, local offshoot of Cie. Francaise d'Etudes et de Construction Technip, has won the tender for basic design of the raw materials unit while Rhodia (Rhone-Poulenc) and Atochimie are expected to be the foreign one-third shareholders of the PVC and low-density polythene units, respectively.

Meanwhile, a syndicate of French banks is offering a $30m credit line for equipment purchases.

Rotterdam to aid Third World

BY CHARLES BATCHELOR AMSTERDAM, Sept. 27.

THE PORT OF Rotterdam has opened a bureau to coordinate help to developing countries faced with harbour problems. The Dutch port, which is the largest in the world, has already received a large number of enquiries from African and South American countries.

Rotterdam's reputation meant it was often asked to aid developing countries and it has opened an office this month to coordinate these activities, a port spokesman said. Director of the new office is Mr. Peter Ten Arve, who has experience of working on development projects.

The Dutch port expects to advise on management problems, on the "wet" and "dry" infrastructure, storage and transhipment, traffic control, training and labour relations.

This fits in with Dutch Government policies on aid to Third World countries but will also add to Rotterdam's expertise and create good will for the port. Rotterdam's own activities will also benefit from the smooth growth of trade with developing countries.

Rotterdam aims to give practical advice to Third World harbour authorities which will result in concrete action. It does not want to get involved in "large-scale, time-consuming and costly studies, which ignore the need to arrive at practical, recognisable improvements within a short time," it said in a recent study.

The city authorities have budgeted Fl 150,000 ($71,000) for the new bureau's first year of operation.

Librium prices to increase

BY OUR OWN CORRESPONDENT AMSTERDAM, Sept. 27.

HOFFMANN LA ROCHE, the Swiss pharmaceuticals manufacturer, may increase prices of its Librium tranquiliser by an average of 6 per cent in Holland, the Economics Ministry said.

This represents an easing of the policy towards the pharmaceuticals company after the Dutch authorities ordered cuts of 13 per cent, to 38 per cent in Valium and Librium prices in July 1977 for a two-year period.

Holland based its maximum price for Hoffmann La Roche products on the prices charged in the UK and earlier this year the British authorities allowed the company to raise Librium prices, the Ministry said in a statement.

Hoffmann La Roche last year estimated the price cuts would cost it Fl 6m in lost turnover over the two-year period.

Brezhnev in bid to ease U.S. curbs on trade

By David Satter

MOSCOW, Sept. 27.

MR. LEONID BREZHNEV, the Soviet President, today issued a fresh call for the repeal of "remaining obstacles" in the way of U.S.-Soviet trade.

His remarks — almost certainly a reference to the Jackson - Vanik Amendment which ties liberalised U.S.-Soviet trade to freer Jewish emigration from the Soviet Union—came during a meeting with Mr. Michael Forrestal and Mr. William Verity, the co-chairmen of the U.S.-USSR trade and economic council.

The fact that the two businessmen, who are in Moscow on a three-day visit for the non-governmental trade council, were received by Mr. Brezhnev underscored the continuing importance that the Soviets attach to U.S.-Soviet trade.

They nevertheless regard as discriminatory U.S. legislation and President Carter's recent action in cancelling a computer contract and freezing U.S. oil equipment exports in retaliation for Soviet dissident trials.

The three men held "detailed discussions" on U.S.-Soviet trade relations and it was stressed that the Soviet Union favours "good, mutually beneficial relations with the U.S."

Carter scheme criticised

By David Buchan

WASHINGTON, Sept. 27.

AMERICAN BUSINESS leaders today welcomed President Carter's new export promotion programme as a step in the right direction, but said it fell short in providing tax incentives to exporters.

Mr. Carter yesterday proposed an increase of $500m in loan authority for the Export-Import Bank, the channelling of $100m from the Small Business Administration to provide loan guarantees for small exporting companies, and a review of domestic laws that might inhibit U.S. sales abroad.

Both the U.S. Chamber of Commerce and the National Association of Manufacturers criticised the President's failure to come up with an alternative tax break for exporters to replace the present DISC tax deferral scheme.

Under the cumbersome DISC scheme, companies are allowed to defer U.S. tax payments on their export earnings.

But Mr. John Caldwell, international director of the U.S. Chamber of Commerce, today welcomed the emphasis in the new programme in helping small and medium sized companies break into foreign markets.

Yesterday's statement from the White House on the new programme hinted that the Carter Administration would henceforth be more sparing in the imposition of export controls on U.S. sales to countries whose human rights record it did not approve of.

At the same time it was learnt that the State Department had now given permission for the Export-Import Bank to help finance the $270m sale of hydroelectric turbine equipment from Allis Chalmers to Argentina.

Seddon launches new truck using engine developed by IH

BY KENNETH GOODING

THE ASSOCIATION between International Harvester, the U.S. concern which is one of the world's leading truck makers, and Seddon Atkinson of the U.K. is now beginning to show up in the market place.

Seddon, which was acquired for £10m. by IH in 1974, today launches a new truck designed specifically for the U.K. market but which uses an American-built International Harvester diesel engine to provide the power. Both the cab and the chassis were developed with the help of IH's North American engineering centre.

The new truck fills a gap in the present Seddon range and has been designated the 300. A stablemate to the 200 and 400 Seddon trucks, it is a six-wheel, 24 tonner to satisfy all the basic mixer, tanker, tipper and haulage applications within its weight range.

Seddon has deliberately aimed at capturing market share from the leader in the field, Leyland Vehicle's Bison. It has even brought the newcomer onto the market with a list price of £19,000, just £5 under the price quoted for the Bison.

This is a major reduction on the price Seddon has been charging for its previous six-wheeler from the 400 range—£22,150 and the kerb weight of the newcomer is also substantially lower.

In 1976 Seddon sold only 100 of the old-style six-wheelers. It aims to build two a day and deliver 500 in 1979 and 1,000 in 1980-81 if market conditions permit. This should give Seddon roughly 20 per cent of the available market at that stage.

The UK market for six-wheelers once reached 8,000 units in the early 1970s but it subsequently fell as low as 3,000 since 1975, reflecting the recession in the construction industry which provides most of its customers. Seddon expects to see only limited growth in the total market during the next few years.

The 300 should provide a significant addition to Seddon's output which is planned to rise from nearly 4,000 units this year to 5,000 in 1979.

It is powered by the International DT-466 diesel engine, one of the most popular diesels in the U.S. in the 200bhp range and one of a family of engines which has already sold more than 250,000. It was introduced in the U.S. in 1971.

Seddon's previous six-wheeler used a Gardner diesel from the Hawker Sideley subsidiary.

Apart from an American engine, the 300 incorporates a ZF gearbox from West Germany but Seddon says that only 17 per cent by value of the new vehicle is accounted for by imported components.

The 300 benefits from Seddon's recently improved warranty, which covers major units on every vehicle for unlimited mileage during the first 12 months—including all labour, parts and tow-in costs.

Philippines diesel plant

BY OUR OWN CORRESPONDENT MANILA, Sept. 27.

A TRADE mission from the Federation of Sussex Industries (FSI) has arrived here at a time when two major British companies are in the business limelight. British Leyland and Perkins Diesel are both applying to participate in Government-sponsored Progressive Diesel Engine Manufacturing Programme (PDEMP).

The mission representing the companies and led by FSI director-general Ms Nora Potter, is here to promote the sale of a wide range of machinery and equipment in the fields of engineering and electronics.

Just before the mission's arrival, Leyland through its local distributor, Amalgamated Motor Philippines Incorporated, concluded two supply agreements with Pantranco South Express, the largest bus company operating south of Manila. The first agreement calls for the supply of 520 new Leyland buses worth Pesos 60m (about $8m). Under the second agreement, Leyland will supply Pantranco with Pesos 7m worth of spare parts.

Leyland last week announced that it is willing to commit a Pesos 39m for a diesel engine manufacturing project here, if chosen in PDEMP. The three others interested in the project are Perkins, Isuzu of Japan and MAN of West Germany.

Perkins, on the other hand, plans to put up a plant in Paranaque (metro Manila) to rebuild and recondition used Perkins diesel engines. The proposal, separate from its bid for PDEMP, was sent to the Board of Investments (BOI) which subsequently indicated tentative approval.

The Perkins project is similar to that of Cummins Diesel of the U.S. which already operates a diesel engine rebuilding/reconditioning plant in Cebu, central Philippines. Cummins is one of four foreign companies which did not survive the initial selection (from eight to four) in the number of PDEMP applicants. Only one or, at the most, two will be selected.

Renault aims for 5.3% of UK market

BY OUR INDUSTRIAL CORRESPONDENT

RENAULT, THE State-owned French group, aims to sell 83,000 cars in the UK in 1979 said Mr. Alain de Saint-Victor, who has just taken up his appointment as managing director of the British subsidiary.

This would give the group around 5.3 per cent of the market, forecast at this stage to be around 1.55m registrations in 1979. It compares with the near-70,000 cars Renault expects to sell in Britain this year to give it around 4.3 per cent of total sales. In 1977 the group sold 57,000 cars.

How close Renault gets to its 1978 target depends on availability of cars from the French plants which are still recovering from industrial disputes. Mr. de Saint-Victor maintained that his main task is to convince UK customers that they can get parts and service for Renaults quickly and at reasonable prices.

This year Renault has spent another £1m on its parts distribution centre at Reading. And its dealers are being encouraged to stock more parts with the offer of discount incentives.

Mr. de Saint-Victor said the group is satisfied with its existing dealer network in Britain but wants to take on more small service establishments capable of handling its cars.

Iran now biggest buyer of UK worsted cloth

BY RHYS DAVID

IRAN HAS now emerged as one of the top three buyers of British wool textile products following a major increase in the first seven months of this year in its purchases of worsted cloth.

The Iranians have stepped up their purchases of worsteds from 287,000 square metres in the first seven months of last year to 2.354m square metres in the same period this year, though there has at the same time been a reduction in Iran's purchases of woollen cloths from 724,000 square metres to 380,000 square metres.

The increase, which follows the signing of several major contracts by British suppliers, places Iran in first place as the biggest single purchaser of UK worsteds in the January-July period, ahead of Japan which made total purchases of 1.674m square metres. The Japanese also bought 1.778m square metres of woollen cloth, however, and remain the biggest overall customer of UK wool textiles, closely followed by the U.S. with total purchases of 3.226m square metres. Out of this total only 173,000 square metres was worsted cloth with the remaining American purchases all being woollen cloth.

Other big customers of the UK industry in the first seven months of the year were West Germany, which received 2.7m square metres of woollen and worsted fabric, Canada (2.2m square metres), and France (1.8m square metres). Sales in the Middle East as a whole reached 6.4m square metres making it the second biggest market overall behind eastern Europe which accounted for 9.8m square metres.

The increase in purchases by Iran, revealed in the latest figures published by the industry in Bradford, helped wool textile producers stay ahead of last year's total sales overseas — £240m in the first seven months compared with £232m in the same period last year.

Wool cloth is ahead by 21 per cent in value at £100.6m and 5 per cent higher in volume, but yarns exports were down 6 per cent in value at £43.1m and 12 per cent in volume. Exports of raw wool and tops (combined wool) were also both down in value and volume.

In a separate development the industry's concern over the availability of supplies of top quality raw materials has been reflected this week in the presentation of a special medal to a top Australian grower. The medal, presented on behalf of one of the leading UK spinners, Joseph Lumb and Sons by Princess Alexandra at a special ceremony in Melbourne, was awarded to the Australian grower considered to have produced the finest wool during the past year.

Known as Super 100 the wool is finer than cashmere and only enough to produce each year to fill one bale of roughly 300 lb in weight. The award was initiated by Lumbs with the support of the International Wool Secretariat to encourage Australian farmers to continue to breed and rear sheep with fine fleeces.

$200m Czech paper mill order for Canada

OTTAWA has confirmed that Canada has won a contract worth nearly $200m to build a pulp and paper mill in Czechoslovakia and will build a second mill later, our Montreal Correspondent writes.

The engineering and construction supervision will be provided by H. A. Simons of Vancouver and Montreal, a long-established pulp and paper industry consulting company.

Financing will be handled by the Federal Export Development Corporation with the Canadian commercial banks.

EEC team in talks with Hua

By John Hoffmann

PEKING, Sept. 27.

THE CHINESE head of state, premier Hua Kuo-Feng, told members of the visiting European Economic Community delegation to China today that there were broad prospects for developing economic and trade relations between China and the EEC.

"There is no conflict of fundamental interests between us," he told EEC Commission vice-president Herr Wilhelm Haferkamp, who is leading the delegation. "Our views are identical on many issues. There is a good beginning now and we can go forward step by step in the future."

Mr. Haferkamp told chairman Hua that he was sure economic and trade relations between the European Community and China would grow in the future.

Earlier today Mr. Haferkamp and senior members of his mission talked with China's Minister for Foreign Trade, Mr. Li Chiang. They discussed the further development of the five-year trade agreement which has been effective since last June.

The mission's purpose is ostensibly exploratory, although there is a strong likelihood that individual members will be discussing specific prospects for industrial and technological deals.

Europe's potential as a strong contributor to China's development and a major partner in its future trade has been underlined by recent protocols and agreements which show China's willingness to use equipment and technology from Britain, West Germany, Italy and the Netherlands.

Shipbuilding hopes in Malta

MALTA, Sept. 27.

PROSPECTS of Poland awarding Malta Drydocks a number of shipbuilding orders have been described as encouraging by senior yard officials following negotiations held in Warsaw last week.

The Malta yard, which has already handled shipbuilding contracts for China, is hoping to win important deals involving the construction of middle sized carriers.

Malta Drydocks is also negotiating the handling of structural steelwork deals with Czechoslovakia.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
2nd qtr.	105.5	102.5	106	102.5	222.0	1,330	163
3rd qtr.	105.5	103.4	106	104.3	234.2	1,418	151
4th qtr.	106.0	102.2	107	104.4	239.4	1,431	157
1978							
1st qtr.	107.2	102.7	110	106.3	246.0	1,409	188
2nd qtr.	110.8	104.3	108	108.0	254.2	1,367	213
May	110.0	103.1	115	108.4	255.2	1,366	210
June	111.4	105.1	106	108.7	257.3	1,365	217
July	111.8	105.1		111.4	265.8	1,371	211
August				111.5		1,392	209
Sept.						1,378	219

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
2nd qtr.	104.0	98.2	115.9	99.2	102.4	100.8	25.1
3rd qtr.	104.1	99.4	116.7	100.2	108.0	101.3	25.4
4th qtr.	104.5	98.3	114.5	99.1	95.2	100.1	20.7
1978							
1st qtr.	105.2	100.7	116.3	101.5	95.4	98.1	17.8
2nd qtr.	106.3	100.6	121.3	101.7	109.3	99.3	26.7
March	105.0	101.0	116.0	102.0	100.0	98.0	20.7
April	107.0	100.9	122.0	102.0	108.0	103.0	25.4
May	105.0	101.0	120.0	101.0	107.0	97.0	25.1
June	107.0	101.0	122.0	102.0	114.0	98.0	29.6
July	106.0	102.0	123.0	102.0	119.0	102.0	23.6

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
2nd qtr.	118.0	109.6	−762	−297	−745	100.3	14.9
3rd qtr.	124.4	106.6	+ 31	+574	−602	101.0	13.4
4th qtr.	117.6	102.7	− 5	+507	−657	102.4	20.39
1978							
1st qtr.	119.9	114.1	−612	−317	−646	104.9	20.63
2nd qtr.	122.2	109.6	−135	+198	−420	104.5	16.75
April	125.7	103.7	+192	+303	−149	104.1	17.04
May	119.2	113.8	−227	−116	−155	105.2	16.66
June	121.6	111.3	−100	+ 11	−116	104.2	16.54
July	127.0	115.8	−132	− 57	−229	104.5	16.74
August	125.0	111.4	+ 58	+133	−107	105.7	16.4

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
3rd qtr.	28.0	10.4	20.3	+365	1,084	1,149	7
4th qtr.	23.2	12.6	8.8	+698	1,565	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	8.5	15.7	24.7	+2,869	694	1,393	10
April	18.7	24.3	12.6	+1,432	335	463	7
May	13.1	17.2	18.3	+1,128	212	471	9
June	8.5	15.7	24.7	+315	147	459	10
July	9.3	9.5	35.1	+114	200	458	10
August	5.5	1.5	15.9	−276	200		10

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
2nd qtr.	114.5	149.5	138.3	181.9	191.1	50.0	61.6
3rd qtr.	116.1	146.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.2	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	146.3	152.0	195.8	203.8	242.27	61.5
Feb.	122.7	139.1	149.2	190.6	197.3	224.86	66.0
March	125.0	142.0	150.0	191.8	198.4	238.61	64.1
April	127.2	145.1	150.9	194.6	201.6	238.94	61.8
May	129.4	146.8	151.9	195.7	203.2	250.67	61.5
June	133.1	147.0	152.7	197.2	206.7	242.27	61.5
July	133.6	145.7	153.8	198.1	206.1	237.68	62.5
August		144.3	154.5	199.4	206.2	248.54	62.4

* Not seasonally adjusted.

HOME NEWS

UK fights EEC plan on steel financing

BY IVOR OWEN, PARLIAMENTARY STAFF

BRITAIN is taking the lead in opposing a draft EEC Commission directive which would impose new restrictions on the financing of the iron and steel industries.

Mr. Eric Varley, Industry Secretary, claims the Commission's proposals fail to take adequate account of the differing needs of public and private steel.

A major point at issue is whether the draft directive would interfere with existing arrangements under which the British Steel Corporation is able to obtain funds from the Treasury to finance its investment programme.

The Commission's proposals form part of it general approach to the problem of reducing excess capacity in the Community steel industry, but Britain, with support from Italy, objects because they appear to be tailored to the requirements of the private sector.

The first public intimation of the firm stand being taken by British Ministers came yesterday in a report by the Commons' select committee on European legislation. Mr. Varley is reported to have said that differences within the Council of Ministers make it unlikely that the draft directive will be adopted in its present form.

Delicate

He also said that Britain felt any agreement on the restructuring of the Community steel industry must precede new restrictions on the financing of steel concerns.

Ministers take the view that if the draft directive were to be implemented as it stands, it would add a new dimension to British Steel's already serious financial problems.

The delicacy of negotiations with the EEC Commission is recognised by the committee, which has dropped its earlier demand for a debate on the draft directive "at an early date."

John Lloyd adds: The British Steel Corporation is not expected to be self-financing for at least five years, even on optimistic estimates.

In April this year, its borrowing limit was raised from £4bn to £5.5bn. The corporation's borrowings in National Loan Fund capital and Public dividend capital were then just over £3bn.

A capital reconstruction of the corporation, which has been mooted for some time, is still thought likely to take place this year. The corporation's losses for next year have been estimated to be at least £400m.

Colston holds talks on co-operation with Italian group

BY PAUL TAYLOR

THE CHARLES COLSTON Group has begun discussions with Merloni Ariston of Italy over future wide-ranging cooperation between the two companies in the domestic appliances industry.

Mr. Michael Colston, chairman of the private High Wycombe-based group, said preliminary discussions had indicated "considerable benefits" to both companies from co-operation.

He said the company, which is shortly expected to announce a £14m or £15m turnover, for the year ending April 29, had been approached by the Fabriano-based Italian group and that discussions began "several days ago."

They are expected to last several months while the companies consider the advantages of joint-manufacture, export and servicing facilities, information exchange, joint marketing and shared research and development programmes.

Colston hopes to benefit from Merloni's expertise in large-scale manufacture and sees export potential and perhaps even Italian capital investment in the UK as possible results of some form of tie-up. Merloni is thought to be seeking a UK base for marketing and servicing in addition to access to Colston's advanced dishwasher technology.

Mr. Colston said he would be "disappointed" if the discussion did not at least result in agreements covering information exchange, marketing and service facilities.

Such agreements would have clear benefits for both companies and would attract cautious approval from the UK industry as a whole.

Colston's domestic appliance interests centre on its dishwashers and washing-machines. Although not among the bigger domestic appliance manufacturers, it is the only UK dishwasher manufacturer.

The market in this country has shown signs of a slight recovery this year, with UK manufacturers making a marginal improvement on their share. At present imports account for about 33 per cent of all UK domestic appliance purchases, but in the field of front-loading automatic washing machines the percentage of imports rises to about 50 per cent.

If Merloni manufactured in the UK there would be clear cost advantages.

Conoco agrees to sell UK chemical interests

BY KEVIN DONE, ENERGY CORRESPONDENT

NORSK HYDRO has reached agreement with Conoco on buying the U.S. oil company's chemical interests in the UK.

Announcing this in Oslo, Mr. Odd Narud, president of Norsk Hydro, said that the company was now waiting for the UK Department of Industry to give its views on the proposed deal. He was optimistic that the deal would be approved.

Conoco is selling its half share in Vinatex, the third largest UK producer of PVC (polyvinyl chloride) together with its 10 per cent stake in Staveley Chemicals. Staveley holds the other half of Vinatex.

The main shareholders in Staveley are the National Coal Board (45 per cent) and the British Steel Corporation (45 per cent). Both corporations are understood to favour Norsk Hydro buying into Vinatex, particularly as the Norwegian company has said it is willing to push ahead with Vinatex's expansion plans.

The deal is likely to be worth £5m to £8m, but final details are still being negotiated and a price is unlikely to be revealed for some weeks.

The boards of both Vinatex and Staveley Chemicals will meet on October 13 and an official announcement of the deal is expected later.

Before the Department of Industry gives its views on sale it is likely to demand assurances from Norsk Hydro about future investment and job security at Vinatex.

The deal has aroused considerable controversy in the British chemicals industry, particularly from Imperial Chemical Industries.

ICI has used the pending sale as one of the reasons for postponing work on an £80m petrochemicals plant at Wilton, Teesside.

The plant was being built to produce 150,000 tonnes a year of VCM (vinyl chloride monomer), the raw material for manufacturing PVC, one of the most widely used commodity plastics.

ICI is the main supplier of VCM to Vinatex, but it is likely to lose much of this business to Norsk Hydro, which has considerable surplus VCM capacity in Norway. Norsk Hydro's interest in the deal with Conoco is in finding a new outlet for some of this product.

Government broke promises over tax rise, claims Shell

BY SUE CAMERON

SHELL YESTERDAY renewed the oil industry's attack on Government plans to increase North Sea petroleum revenue tax from the present 45 per cent to 60 per cent.

Mr. Michael Pocock, chairman of Shell Transport and Trading, accused the Government of breaking promises made to oil companies when the tax was introduced in 1975. He said the industry had been assured that the tax would not be increased unless the value of oil changed in real terms.

Now the Government was planning to put up the tax by 15 per cent while at the *same time* reducing capital expenditure allowances. Mr. Pocock said the proposal showed the "mean attitude" of Ministers and he added that while businessmen had to be prepared for tax changes they could not be expected to plan for "broken promises."

The Government announced its intention to raise the tax at the beginning of last month. The plan, which would increase Government revenues from the North Sea by an estimated £2bn over the next seven years, brought immediate criticism from the oil companies which said the additional burden could undermine the industry's confidence. Ministers hope to implement the tax changes next spring.

Terry Kirk

Mr. Michael Pocock, chairman of Shell Transport and Trading, who spoke of "the insidious tendency" of governments to shy away from risks

'A sham'

Mr. Pocock, who was speaking at the seventh World Planning Congress in London, said the planned tax increases was typical of the "insidious tendency" of governments everywhere to shy away from all forms of risk. The British Government was prepared to subsidise companies so that they could keep their "heads above water" but as soon as any of them looked like making a handsome profit action was taken to "whittle it down."

The whole idea of a risk-free society, Mr. Pocock said, had to be exposed for the sham it was. He stressed that successful businesses depended on people taking risks but he warned there was a danger of industrialists deciding to jump on to the "risk-free" bandwagon.

He pointed out that attempts to reduce the risk of industrial hazards to zero were both unrealistic and prohibitively expensive. He also attacked "narrow" pressure groups which were being allowed to disrupt economic development in the name of environmental safety.

"We see nuclear plants virtually stopped in Sweden, the U.S. and Germany despite an excellent safety record," Mr. Pocock said. "Yet clearly, if we are to grow the world needs nuclear energy. We see a huge agricultural dam in East Tennessee halted by environmentalists when it was nearly finished and then scrapped to protect some insignificant fish."

NCP chairmen buy Trailerent stakes

BY TERRY OGG

SIR DONALD GOSLING and Mr. Ronald Hobson, joint chairmen and major shareholders of National Car Parks, have taken substantial equity interests in Trailerent, a new company which aims to capture a significant slice of the UK's £15m trailer rental and contract hire market.

The new company is essentially the brainchild of Mr. Mike Dibb, its managing director who was previously head of Rentco Nationwide, a subsidiary of Crane Fruehauf, the trailer manufacturer, and one of the largest companies in the UK trailer rental field. Two fellow directors, Mr. Jim Morehead and Mr. Geoff Markham, and other key executives were also previously with Rentco.

Trailerent has already established branches at Rainham and Slough, in the south of England. It will open a third in the Midlands in October and plans a national network of branches, possibly through the acquisition of some regionally-based companies.

Within five years it hopes to become one of the leading rental companies in Europe with branches on the Continent.

The company has bought 100 trailers, with financial help from National Car Parks, and 98 of them are at present rented out. A further 200 will be added by the end of December and the total will reach 550 by the end of the first year of operation. In its second year Trailerent plans to increase the fleet by a further 300 trailers to give it about 8 per cent of the market.

Provided that 80 per cent of the fleet is continuously in use (well above the current industry average of 65 per cent), the 850 trailers should generate a revenue of about £1.3m. The company said it did not expect to break even until midway through its second year.

Trailerent is completely independent of either trailer manufacturers or American-controlled companies, and its fleet consists of both Craven Tasker and Crane Fruehauf trailers. It ranges from small 23 ft tandem axle skeletals capable of carrying one standard-sized container, to 40 ft tall tandem axle trailer vans.

North Sea platform removed by BP

By Kevin Done, Energy Correspondent

THE FIRST North Sea platform to be dismantled because it had reached the end of its production life has been removed from the West Sole gas field by British Petroleum.

The operation foreshadows a problem that will increasingly confront the oil companies working in the North Sea in the 1980s and 1990s when much larger platforms will start to become obsolete. To date, little thinking has gone into how these giant platforms in the northern North Sea can eventually be removed.

The steel platform successfully removed by BP was a small one-well satellite structure in the southern sector of the North Sea.

It was cut free by divers and then refloated on to a barge for towing to Highland Fabricators' construction yard at Nigg Bay on the Cromarty Firth, where it will be tested by BP for corrosion, metal fatigue and other stresses.

The removal operation, carried out by Omisco, a maintenance and inspection company, formed by BP in conjunction with Wimpey, is costing about £2m—eight times more than the original cost of the platform.

The platform was floated out to the field in 1966 and came on stream in 1967. The planned design life of the structure was to expire at the end of the year.

Morning Star seeks injunction over title

THE MORNING STAR, official newspaper of the Communist Party is asking the High Court to stop Express Newspapers calling the new paper it is launching the Daily Star.

The Morning Star Co-operative is asking for an injunction to prevent Express Newspapers from passing off any national daily newspaper as the Morning Star by using the title Daily Star or by an other means.

It is expected the hearing will be later this week.

The new paper is to be printed in Manchester on the Daily Express presses and is aiming for the market at present served by the Sun and Daily Mirror. It hopes to gain a circulation of 1.5m to 2m copies.

On September 8, the Morning Star asked the Express management *in a front page article* to avoid causing confusion with the proposed title.

However, it appears that the Express has decided to ignore the appeal. It announced on September 22 that the Daily Star would be launched on November 2.

The Morning Star article, signed by Bill Brooks argued that a second daily newspaper with the word "Star" in the title would cause unnecessary confusion.

It pointed out that newspaper titles tend to become contracted in everyday use to the second word, so that both papers would be popularly known as the "Star."

Mr. Brooks says: "It would be a pity from everyone's point of view if confusion were caused by the use of a title so nearly like one which is so well known."

He adds in a humorous vein that a daily star is not a phenomenon which happens in nature except when the planet Venus is visible. But there is a morning star, which "shines to illuminate our darkness."

Mr. Vic Matthews, chairman of Express Newspapers, said last night he did not want to comment on a question which was before the court.

Wright ends retirement to head Evode Holdings

MR. PETER WRIGHT, the former chairman and managing director of Perkins Engines, who announced his retirement nine months ago at the age of 49, is to become chairman of Evode Holdings.

His appointment yesterday follows the death of Dr. Hermann Simon, Evode's founder three weeks ago. Mr. Wright will be spending about half his time with the company, although more in the early stages.

Commenting on his plans to retire early and seek a "second life," Mr. Wright said last night that the job offered the opportunity of learning about a completely new industry away from the engineering sector.

It fitted in with his concept of non-executive directorships, giving him a fairly close involvement with the company. He said he expected to take up other directorships.

Mr. Wright said he had abandoned his thoughts of buying a farm on the grounds that he would probably have been "thinking too much of one thing."

Discussions about joining Evode, the manufacturer of Evo-Stik, simply as a non-executive director had been going on since early this year. But the basis of his appointment had been changed by the death of Dr. Simon.

The rest of the board at Evode remains unchanged. Mr. Andrew Simon, the company's chief executive and the son of the late chairman, said yesterday that the performance of the group was improving after disappointing first half results, when profits dropped from £694,000 to £311,000.

Petrol price regulation in force in December

BY SUE CAMERON

REGULATIONS designed to stop garages misleading motorists over petrol prices are being brought in by the Government.

The regulations, which will come into force in December, will enable motorists to see exactly how much extra they will have to pay when garages charge a higher rate for part-gallons of petrol than for full gallons.

Price displays on forecourts will have to show the rate for part-gallons as well as full gallons, if the price is different, in lettering at least 120 mm high.

Other lettering, showing the grade of petrol or conditions of sale, will have to be at least 80 mm high—as on a car number plate. When garages use decimal places in their prices, the figures will have to be at least half the height of the whole numbers. The new regulations will also cover the style, boldness and colour of prices expressed in decimals.

Garages are not obliged by law to display petrol prices but Mr. Robert Maclennan, Parliamentary Secretary for Prices and Consumer Protection, said yesterday that most did because it encouraged trade. Those that did not were usually the ones which charged higher prices and most motorists were aware of this.

The regulations are being brought in under the Petrol Prices (Display) Order 1978. They follow a similar Order which came into operation last year forbidding garages from displaying "Xp Off" without giving the actual selling price of the petrol.

Electricity bill subsidy will cost £45m

By Our Energy Correspondent

THE GOVERNMENT is making £45m available to help cut electricity bills this winter for people on low incomes.

The scheme, which has operated for two years, is being extended to include another £1.5m people.

Mr. Anthony Wedgwood Benn, Energy Secretary, said yesterday that about 4.5m people, including 2m to 3m pensioners, are now estimated to be eligible for some form of reduction to their electricity bills during the winter quarter.

Previously, the scheme was confined to people receiving supplementary benefit and family income supplement. Now it has been extended to include people receiving rate and rent rebates, and rent allowances.

Ariel chief resigns for investment post

BY JAMES BARTHOLOMEW

MR. COLIN LEACH is resigning as managing director of Ariel, the computerised share-dealing system which at one time appeared as if it might challenge the Stock Exchange.

Mr. Leach helped to create Ariel and has been with the company since it started four years ago.

The reason given for the resignation is his appointment as an executive director of Fidelity Management and Research (UK), the London affiliate of a Boston-based investment management company. Mr. Leach wishes to return to investment management.

Ariel subscribers deal through computer terminals in their offices—thus cutting out the brokers and jobbers of the Stock Exchange.

The dealing costs of Ariel are less than those of the central market but the system has had difficulty in obtaining more than a small fraction of the Stock Exchange's business.

Ariel has around 1 per cent of the turnover of investment institutions, said the chairman, Mr. Charles Clay, yesterday. The turnover is actually down on that in the first year of Ariel's operation although the last few years have been steady, he said.

Turnover several times higher than this was *anticipated* at the system's inception. The Stock Exchange was concerned that it would be adversely affected and stock market commission rates were reduced partly because of the competition.

The failure of Ariel to take off is ascribed by Mr. Clay to the dullness of the equity market and two disabilities imposed on Ariel: the system is not allowed to deal in gilts, which have been a better market than equities in recent years, and is not allowed to have market-makers (jobbers) who are exempt from stamp duty in the way in which the Stock Exchange is able to have them.

Body needed 'to oversee directors'

By Maurice Samuelson

ANNUAL MEETINGS of shareholders do not adequately represent the interest involved in a company or industry and there is a need for a new body to which directors would be accountable, the Institution of Works Managers claimed yesterday.

The institution, representing 20,000 senior and middle managers in manufacturing enterprises, wants the Companies Act to be amended, obliging directors to take account of the interest of employees, customers and public, in addition to those of the shareholders.

In a paper on industrial participation, the institution also suggests the establishment of a body "with finance and teeth," perhaps on the lines of the Safety and Health Commission, to recommend codes of practice to Governments and to advise on what other interests should be represented on a company council.

The institution calls for better training of managers, trade unionists and others in promoting participation in management.

"Towards Responsible Participation" published by the Institution of Works Managers, £1.

Laker-General Electric deal criticised by MP

BY LYNTON McLAIN

LAKER AIRWAYS' plan to buy Airbus engines from General Electric of the U.S. rather than from Rolls-Royce ran into criticism yesterday.

Mr. Walter Johnson, Labour MP for Derby South, where RR has one of its main engine factories, said he had written to Mr. Eric Varley, Industry Secretary, urging him to stop Sir Freddie Laker buying the U.S. engines.

"Sir Freddie has been given every assistance and help in spite of his attitude to the Government, and the least he can do is to support a British product like Rolls-Royce engines," he said. Mr. Varley is unlikely to take action.

Laker Airways chose the Franco-German-U.S. General Electric CF6-50 engine for its Airbuses to meet a summer 1981 deadline when Laker plans to start operating the Airbuses. Rolls-Royce said it would not be able to certify its RB-211 engine in the Airbus until a year after Laker's deadline.

New immigrant service chairman

MR. ALEXANDER LYON, Labour MP for York and former Minister of State at the Home Office, was elected chairman of the United Kingdom Immigrants Advisory Service in London yesterday.

He succeeds Lord Foot, the Liberal Peer, who has been chairman of the service since it began in 1970. Some 220,000 cases of immigration problems have been handled, both in the UK and overseas.

Three members of the Asian community in Britain, Mr. Q. S. Anisuddin, Mr. S. A. Rafiul and Mr. J. S. Sandhu, were re-elected vice-chairmen.

Scientist warns on politics of uranium

BY DAVID FISHLOCK

URANIUM was the most politicised commodity in the world today, Sir Hermann Bondi, chief scientist at the Department of Energy, told a joint Anglo-U.S. nuclear conference in London yesterday.

What many countries feared was not that uranium would run out or become too expensive, but that "for other reasons it will become unavailable or available only at a price, financial or otherwise, that they would find hard to pay," he said.

Sir Hermann heads the team of top officials representing Britain at the International Nuclear Fuel Cycle Evaluation, the 42-nation reappraisal of nuclear technology initiated by President Carter at the London Summit last year.

In what ... to a mid-term ... year INFCE ... warned of ... to prevent ... the dangers of nuclear proliferation by a simple ban on one aspect of nuclear power—namely plutonium.

Much as he applauded President Carter's initiative, he said, he had serious doubts about the validity and efficiency of the measures the U.S. Government had originally proposed.

He was speaking to an audience which included Mr. Victor Gilinsky, a senior U.S. Government official and fellow speaker, who had said his government had been embarrassed by the decisions of Britain and France to go ahead with the commercial reprocessing of spent nuclear fuel and the separation of pure plutonium.

Sir Hermann said he had been heartened by the flexibility shown by D. Joseph Nye, President Carter's emissary on proliferation, when speaking in London two months ago ... number of important issues ... that ... moving in a broadly similar direction."

Over-concentration on the undoubted dangers of plutonium might divert attention from the "equally real dangers" of other parts of the nuclear fuel cycle, notably uranium enrichment and stores of spent fuel elements, said Sir Hermann.

Only through a combined attack on all aspects of the problem could the "spectre of proliferation" be kept at bay so that nations would not feel compelled for their own protection to take steps that "might enhance the very risks they are trying to avoid."

It was gratifying, said Sir Hermann, that the U.S. Government was investigating the control and safeguarding of all sensitive parts of the fuel cycle, not just plutonium.

... and France ... in agreement ... 83bn ... spent ... intries, ... U.S. Government, a senior U.S. Government official told the conference.

The contracts would involve the separation of about 75 tons of plutonium "or enough for about 10,000 nuclear weapons," said Mr. Victor Gilinsky, a commissioner of the U.S. Nuclear Regulatory Commission.

Mr. Gilinsky was speaking on nuclear proliferation at the joint U.S. Atomic Industrial Forum and British Nuclear Forum international conference on the nuclear fuel cycle.

Congressional hearings on whether Japan should be allowed to send spent nuclear fuel originally enriched by the U.S. Government to Windscale in Britain and Cap la Hague in France for reprocessing have just been postponed. Their hearings were to be held this week.

Mr. Gilinsky said the fuel was under the "putative control" of his government. Approvals for reprocessing was subject to strict criteria under the new U.S. non-proliferation law.

This law treated Euratom as a single entity and allowed certain exemptions when U.S.-enriched fuel was being moved between EEC countries, but for other countries it was subject to a U.S. veto.

Britain and France, by going ahead with commercial reprocessing plans, had left the U.S. with three options. It could veto the full transfer and "pull the rug from under its close allies and friends."

It could accept defeat in its efforts to control reprocessing and the widespread use of plutonium before adequate international safeguards had been agreed.

Or, it could extend permission in certain cases, but place strict conditions on the return of plutonium to the nation owning it.

Crown Agents' inquiry told of share deal

THE WHOLE of the Crown Agents' office was "agog" when it heard about plans to buy shares in a merchant bank, the tribunal of inquiry into the Crown Agents' losses was told yesterday.

But its senior agent at the time, Sir Stephen Luke, had no idea such an interest was being created in the venture.

He told Mr. Martin Nourse, council for the tribunal, that the acquisition of the *shares in* Sassoons was the first time the Crown Agents had made such an equity investment.

Sir Stephen said the deputy governor of the Bank of England had told him the Crown Agents should go ahead with the plan provided that certain conditions were followed.

The tribunal was adjourned until next Wednesday following an application for a "reading time" break by Mr. John Rankin, QC, representing Sir Claude Hayes, Crown Agents' chairman from 1968 to 1974.

Record £7,000 paid for military baton

TWO GOOD sales at Sotheby's yesterday netted some remarkable prices. An auction of medals and gallantry awards totalled £104,612, with an auction record price of £7,000 for a field marshal's baton. Topographical paintings brought in £123,620, with a best price of £30,000, ten times the forecast. All prices carry a 10 per cent buyer's premium.

The baton had belonged to Lord Nicholson, who received it in 1911, and was bought by Spink for almost double the estimate.

The top price in the sale was the £14,000, double the forecast, for a group of Peninsular War medals and decorations which had been awarded to Lieutenant-General Sir John Rolt.

Maurice Sternberg, a Chicago dealer, paid the £30,000 for *After the First Hunt* by Charles Russell, which shows an interior scene of an Indian tepee.

A copy of Chaucer's *The Canterbury Tales, the first illustrated account of Columbus' journey to America* and King Henry VIII's prayer book were three of 16 celebrated books and manuscripts sold at auction in Basel yesterday.

The works belonged to American private collector Boies Penrose. Bernard Quaritch, of London, made the top bid of the day, paying 190,000 Swiss francs (£128,378) for the Chaucer copy, known as the *Delamere manuscript*.

The illustrated Columbus account fetched 19,000 Swiss francs (£12,837), three times its estimated value and Henry VIII's prayer book 97,000 Swiss francs (£65,540).

SALEROOM

BY ANTONY THORNCROFT

Jewellery sold at Christie's yesterday made £329,445, with less than one per cent unsold.

Christie's South Kensington had a successful furniture sale which brought in £55,374, with top prices of £1,900 for a Dutch marquetry chest of drawers and £1,600 for a French walnut armoire.

A sale of English and Continental ceramics at Phillips yesterday totalled £48,360.

UK bolt producers seek import controls

BY JOHN LLOYD

ITAIN'S manufacturers of ustrial fasteners—the rivets, ews, washers, nuts and bolts the economy—fear that their ustry will suffer from severe traction and unemployment ess controls are put on im-ts of fasteners from the Far st, and "fair trading" is en-ced within the European mmunity.

Many manufacturers believe t if action is not taken the ndard types of fastener—ich form the largest part of £400m UK market—will be gely imported in three or four rs' time.

The British Industrial steners Federation will pre-t an eight-point action pro-mme to the Government ed at ensuring their share of UK market which is more n 85 per cent.

The key points in the pro-mme are a call for "some ntrols on fastener importation m the Far East, which has en increasing rapidly," and btaining the ability to com-e on an equal basis with our ropean trading partners."

mports of cheap, standard pro-cts—especially from Taiwan—ve increased sharply in the st four years. Last year, the ropean Commission ordered a per cent duty on Taiwanese gasteners, the first of its kind to be imposed.

However, the federation says that imports from Far Eastern countries in the standard grades continue to grow.

Imports from Europe are caus-ing even more alarm among UK companies because the European manufacturers produce both the standard and the more sophisti-cated fasteners, and are doing so generally more cheaply than the British industry can.

The Federation blames its higher prices on those charged to UK manufacturers by the British Steel Corporation for their raw material, steel wire and rod. This is due in turn, the federation says, to the failure of the EEC steel crisis measures, the so-called Davignon Plan.

Delegation

It claims that European steel producers are selling wire and rod for prices up to 25 per cent lower than those charged by BSC. However, it says these producers will quote Davignon guideline prices when replying to queries from UK manufacturers.

The federation believes that the European steel producers will only cut prices for their own industries because they risk exposure if exports of cut-price steel show up in official figures, and also because they are consciously aiding their own industries.

It is seeking meetings with officials in the EEC Industry Commission, and in the Com-petition Commission, next month. Mr. Ken Peplow the director of the federation, said that BSC supported the action, and that officials from BSC might accom-pany the industry's delegation to Brussels.

The federation points to the fastener industry in the U.S., which has been largely destroyed by cheap foreign imports, with 70 per cent of the domestic market now being taken by imported fasteners.

Mr. Trevor Foster, managing director of Rubery Owen Fastener Group, said yesterday that the UK industry could follow suit. "Unless something is done to stop unfair com-petition, the majority of standard fasteners will be imported in three or four years' time."

Standard fasteners account for about 80 per cent of the market in terms of volume, and 60 per cent in terms of value.

There are 75 companies pro-ducing industrial fasteners in the UK, with a workforce of about 40,000. The industry exports between £35m and £40m worth of its products.

Littlewoods pushes pre-tax profits up to £46.8m

BY DAVID CHURCHILL

THE LITTLEWOODS Organi-sation, the largest private com-pany in Britain, yesterday announced sharp rises in turn-over and profits for its stores and mail order retailing opera-tions.

The company achieved retail sales of £692m in 1977, a rise of 22 per cent, and produced pre-tax group profits up by 28 per cent to £46.8m. But the true profitability of the retail-ing divisions is masked by Littlewoods refusing to say how much of group profits was due to its pools activities.

Under the legislation cover-ing football pools, companies involved do not have to dis-close profits so long as they do not exceed 3 per cent of turn-over.

In the last football season Littlewoods achieved a turn-over of £183m from pools, which suggests a profit level of just over £5m. But as this is not directly comparable with the 1977 financial year for the retailing side of the company, an accurate estimate of the group's retailing profits cannot be made.

Even so, the general increase in retailing sales and profits in 1977 are a measure of Little-woods success during a period of difficult trading conditions.

The chain stores division, which now has 106 stores, achieved sales of £257m—up by 17 per cent—and increased its share of the market. Average High Street retail sales were about 14 per cent up during 1977.

The mail order division achieved its best ever year, with sales up by more than a quarter to £435m. The division publishes six mail order cata-logues — Littlewoods, John Moores, Brian Mills, Burling-ton, Peter Craig and Janet Frazer.

Littlewoods which is owned by the Moores family, has con-tinued its usual practice of retaining the bulk of profits within the group to finance future growth. Some £21.7m of the £22m profit available after tax in 1977 has been retained to finance new build-ings and equipment.

Mr. Peter Moores, the group chairman, in a report to staff, criticises intervention in the retailing industry by both the UK Government and the EEC. "If many of the measures pro-posed by the European Com-mission are implemented, these will interfere signifi-cantly with the freedom of the the retail trade," he says.

N. Sea crude oil production rising

BY KEVIN DONE

BRITAIN'S CRUDE oil produc-tion from the North Sea should exceed 50m tonnes this year, according to figures released by the Department of Energy.

Production last month totalled 4,567,775 tonnes, an increase of 49,225 tonnes over July.

The average for daily crude oil production last month from the ten oilfields now on stream in the UK sector was 1,103,931 barrels a day. This compares with 1,092,328 barrels a day in July.

Production for the first eight months of 1978 totalled 32,916,509 tonnes. The UK is expected to reach self-sufficiency in crude oil late next year or early in 1980, when about 100m tonnes a year will be coming ashore.

This year's production should rise sharply again when Union Oil's Heather Field comes on stream. Oil from this field and from Dunlin Field is expected to start flowing into the Sullom Voe terminal in the Shetland Islands in October or November.

Production from the Nor-wegian sector of the North Sea for the first eight months of this year totalled about 19.2m tonnes of oil equivalent, compared with 8.4m tonnes in the same period last year.

Ford to invest £200m in UK on trucks

BY KENNETH GOODING

MORE THAN HALF the £400m Ford is to spend replacing its European trucks range for the 1980s will be invested in Britain.

Sir Terry Beckett, chairman, made this clear when giving details of changes to Ford's "D" series and Transcontinental trucks which are announced today.

Commercial vehicles are now just as important to Ford as cars, he declared.

In the UK this year Ford could still have a triple success and top the list for car, commercial vehicle and tractor registrations.

As far as commercial vehicles are concerned, "we want to con-solidate this position in the UK and increase our share of the European markets," Sir Terry added.

He revealed that Ford expects demand for trucks—commercial vehicles of more than 3.5 tonnes gross vehicle weight—to grow by 2 to 3 per cent a year after 10 years of relative stagnation.

In Continental Europe trucks account for about 30 per cent of total commercial vehicle sales. Ford knows it will not be easy to increase its market. But Sir Terry promised: "There will be some interesting develop-ments from Ford over the next few years."

The £200m plus investment in trucks is part of the total £1.058bn programme for the UK announced by the group last May.

In the shorter term Ford ex-pects total UK truck registra-tions this year to reach about 70,000, well above forecasts of 64,500 made at the beginning of this year and the 61,486 recorded in 1977.

Ford has held UK market leadership for commercial vehicles and tractors for several years. Whether or not it gets the "triple" and adds cars to the list in 1978 obviously depends on the current strike being settled fairly quickly.

By the end of August Ford was well ahead of its nearest rival, BL, with 49,000 more cars registered.

Changes to the long-established "D" series trucks, which are in the six to 28 tonnes range and of which Ford sold 12,716 last year, aim particularly at fuel economy.

The group makes similar claims about the revamped Trans-continentals. It sold 280 of these very heavy trucks in 1977. New Cummins Series-E engines are being fitted across the range for a fuel saving of at least 10 per cent, says Ford.

Dealers in the UK have more than 200 of the new "D" series trucks, made at Langley and using cabs from the Southamp-ton plant, in stock for the launch. The Transcontinental is assembled in Amsterdam mainly from Continental components. Ford is considering postponing advertising the new trucks until it sees how seriously the UK strike might hit output.

'Too much paperwork' warning

BY MAX WILKINSON

MPANIES need to develop w disciplines to deal with the reased paperwork which will produced by the next genera-n of automatic office equip-nt, a management conference s told yesterday.

Mr. Peter Benstead, marketing ector of ITT Business Systems K), said the cost of generat-g and distributing all types of ormation was rapidly falling.

But few companies had de-loped systems to deal with all e information, a failure he be-ved threatened to clog up nagement effort.

He told the telecommunication nagers' division of the Insti-e of Administrative Manage-nt in London: "I fear we ve already entered an era ere we will over-communicate.

"I believe we already have some signs of what I would call 'information pollution'—inform-ation of the wrong kind being sent to the wrong recipient."

Mr. Benstead said the develop-ment of communicating word processors — automatic type-writers which can store docu-ments on magnetic tape and transmit them to similar machines — would give type-writers in the ordinary office the capabilities of telex.

"Technically they are with us today, and in a marketing sense they will be big business within the next five years.

"It will be possible very soon in any organisation to circulate any given memo to all other communicating word processors at the press of a few keys, with-out carbons, copying or mailing," he said.

However, as the ability to transmit information becomes cheaper and cheaper, the danger is that the ability to digest the information will become more expensive.

Managers therefore need to make a careful assessment of the inter-relation of automatic systems, including computers and private automatic branch exchanges, along with secretarial and travel costs.

Mr. Benstead suggested that managements should appoint experts to advise on the possible trade-offs between different methods of communication.

To help this process he suggested that the telecommuni-cation managers' division should look at the possibility of setting up a new professional institute to be called the Institute of Information Managers.

£600,000 boost for Fife factory

BY RAY PERMAN, SCOTTISH CORRESPONDENT

NEW INVESTMENT of £600,000 to establish a high technology plant making toughened insula-tion for the electronics industry, was announced yesterday by Mr. Kingman Brewster, U.S. Ambas-sador to Britain.

Speaking during a visit to Glenrothes New Town, Fife, he said that Brand Rex, an Ameri-can Dutch company, which has had a factory in the town since 1972, hoped to break into a market worth £38m a year in Europe.

"The company predicts a tremendous impact on several markets, particularly where cables are used for military and defence purposes, on modern railway systems and in other situations where toughness and durability are of paramount importance," he said.

Part of the new development, which will create 20 jobs, over the next 18 months, will be a chamber with concrete walls 5 ft thick in which insulated cables will be passed through a beam of electrons.

The ambassador's visit to Scot-land underlines the growing importance of U.S. investment. American owned manufacturing companies now employ 13 per cent of the total workforce and inquiries received by the Scottish Office and other national and local government agencies sug-gest that a new wave of incoming firms is possible in the next few years.

Glenrothes claims to have the highest concentration of American companies of any town in the UK. There are now 14 U.S. firms in the town employing 3,000 people, many in advanced technology occupations.

Earlier yesterday Mr. Brewster visited the factory, General Instruments Micro-electronics, where he saw a new automated telephone system developed by the company for Europe using micro-computer "chips" made in the town.

Our Welsh correspondent writes: The Welsh Development Agency has agreed to back the expansion of a South Wales plastic carrier bag manufacturer with an investment of £150,000 in DB Plastics.

The company makes specialist polythene carrier bags for multiple retail stores, super-markets and fashion stores, as well as for small market and general traders. It is to use the WDA stake, supplied in the form of a shares and loan deal, to buy new machinery for increasing production to 0.5m bags a day.

Four new units

DB Plastics moved to the Bedwas Industrial Estate, Caerphilly, from London, two years ago, since when the work-force has doubled to 60 people.

In mid-Wales meanwhile, the WDA's country cousin, the Development Board for Rural Wales, announced it is to build four new factory units in Welshpool, Powys. They are due to be completed in about six months' time at a cost of some £750,000.

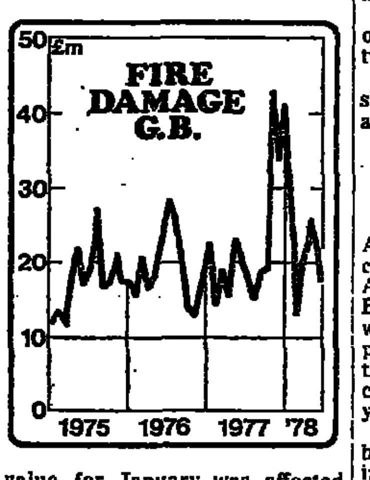
Mr. Peter Garbett-Edwards, the Board's development director, revealed that negotiations with a number of companies interested in occupying the new units are already under way. The aim is to provide up to 200 new jobs in the town.

Fire damage £5m down in August

By Eric Short

FIRE DAMAGE costs fell £5m last month compared with July, in spite of three major fires cost-ing at least £1m each.

Figures issued yesterday by the British Insurance Association show that fire damage in August at £17.3m was £2.3m higher than in August last year and that damage so far this year at £186.1m is 26 per cent higher than over the corresponding period in 1977. However, the



value for January was affected by the tail end of the firemen's strike.

The three £1m fires last month were at an office equip-ment and electronic company in the South East and at a depart-ment store in the South. There were six other fires where damage exceeded £250,000 in each case. A further 65 fires cost-ing more than £35,000 each, in-cluded 31 in cinemas, schools, shops social clubs and theatres.

Many traders 'failing to declare full VAT'

BY DAVID FREUD

ABOUT A THIRD of registered traders under-declare their VAT liability by an average of more than £300 a year each.

Mr. Jack Leeming, Director of VAT Administration, told a con-ference on the tax in London yesterday that on the other side of the coin nearly 5 per cent of traders over-paid the tax by an average of about £250 each.

This was discovered by VAT officers making routine visits on traders.

Mr. Leeming said VAT was a simple tax, and for most trans-actions there were few difficul-ties, provided records were kept with reasonable care. But, certain aspects of the tax could be "fiendishly complicated."

The Customs and Excise in-tended to publish a condensed version of its general guide next year dealing only with the points of interest to the average registered trader. The more specialist aspects would be dealt with in other leaflets.

The department was also thinking of introducing a brief booklet for the new trader who had many problems to cope with besides VAT.

Work starts on £8m factory

AN £8m ENGINE maintenance centre being built for Caledonian Airways — parent company of British Caledonian—near Prest-wick Airport, Ayrshire, could provide 1,200 jobs by the end of the 1980s, Mr. Adam Thomson, chairman of the company, said yesterday.

Opening the construction work, he said that as well as overhaul-ing turbofan jets for British Caledonian's DC 10 fleet, the fac-tory would seek maintenance contracts for other airlines operating DC 10s, Boeing 747s or A300 Airbuses, which use the same engine.

The Scottish Development Agency is making a £3.5m secured loan towards the project and the Government is con-tributing £1.5m in regional development grants. The new factory will start operating in 1980.

UK footwear industry buoyant

BRITISH footwear manufac-turers' deliveries in the first half of this year, at about 75m pairs, were about 6 per cent lower than in the same period of 1977, according to the British Foot-wear Manufacturers Federation.

Imports, remain at about 43 per cent of the market.

The federation said that em-ployment had remained stable in the industry, with the numbers on overtime far exceed-ing those on short-time working. The value of retail sales was still very good, it said.

Fee-paying schools 'not only for the rich'

By Michael Dixon, Education Correspondent

ICAL EDUCATION authorities ould make greater use of the intry's independent schools, . David Baggley said yesterday his chairman's address to the ad Masters' Conference of iding fee-charging schools.

It ws a myth that independent ools existed to furnish segre-ted education for children of e affluent middle classes, he d the conference in Exeter.

There were increasing oppor-nities through scholarships and sisted places for academically le pupils whose families could t afford the fees.

The responsibility for creating widening gap between the in-pendent and the State sectors education belonged not to the bli cschools, but to teh Govern-ent.

"Far more sensible would be policy of making some public e of these existing centres of cellence," he added.

Mr. Baggley is head of Bolton hool's boys division which came independent in 1976 to oid being merged into the com-ehensive system.

Reform of housing finance urged

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

FUNDAMENTAL reform in housing finance is urged in a pamphlet published yesterday by the Labour Economic Finance and Taxation Association.

The document supports the argument that reforms in public and private housing are a national priority which would also be electorally attractive. LEFTA is a forum for members of the Labour Party profession-ally involved in economics, finance and taxation. The latest pamphlet was written by Mr. Bernard Kilroy, a London hous-ing officer.

Mr. Kilroy says that unless alternative solutions are worked out, the Exchequer faces a con-tinually rising bill for housing assistance and tax relief which would mean higher tax levels to pay for them.

He also suggests that house price inflation will be higher than price rises generally, and that public sector housing will become even more of a "second best."

Among the alternatives is a rethink of assistance in the pri-vate sector, largely along the lines advocated by the Labour Party. The pamphlet calls for mortgage relief to be phased out above the standard rate, and for the mortgage ceiling eligible for any relief, to be lowered. It also says that relief for owners of "longstanding" should be tapered and that home owners should get relief on one mort-gage only in their lifetime.

In the public sector, Mr. Kilroy calls for an extension of cross-subsidisation across local authority boundaries through national or regional rent pool-ing. He says his proposals for "organic reform" in housing finance could lead to the housing sector as a whole becoming self-financing and so reduce the demands it makes on the rest of the economy "at a time when the economy needs all the re-sources it can get to renew its employment base."

Housing Finance—Organic Re-form? LEFTA, 72 Albert Street, London NW1, £1.

Big rise in food poisoning

FOOD poisoning cases in England and Wales doubled in the four years to end of 1976, according to the Environmental Health Officers Association's 1977 report.

Originally known as public health inspectors, the associa-tion's report says there were more than 12,000 reported cases of food poisoning in 1976, the last year figures were available.

This reflects a similar worsen-ing situation in other European countries, adds the report, pub-lished yesterday.

More than 70 per cent of the poisoning cases are related to Salmonela, and this percentage is increasing.

The report suggests that the Government should introduce a food protection processing order aimed at eliminating infected animal feeding stuffs.

It would also allow more attention to be given to remov-ing food poisoning caused by bad handling techniques, rewarming foods and inadequate storage problems, the report adds.

● Environmental Health Report 1977, EHA, 19, Grosvenor Place, London, SW1, £1.

Welsh company raises output

B. PLASTICS, a Caerphilly mpany, is expanding its plastic rrier bag production to 500,000 gs a day with the help of a elsh Development Agency in-stment of £150,000.

The company claims to be the ly UK manufacturer in its ld with photo-gravure printing cilities. It is using agency nds, supplied in a shares-and-in deal, to buy extra machinery increase production.

Council attitudes 'limit success of housing law'

THE SUCCESSFUL working of the Homeless Persons Act has been severely limited by coun-cils which persist in "punitive attitudes" towards the home-less, according to Roof, Shelter's housing magazine.

An article in the latest edition of the magazine says that many councils interpret their minimum legal requirements under the legislation as the maximum level of provision they must make. Some councils, it adds, react to new legislative requirements by seeking ways around them and they must be persuaded "to accept the spirit of the Act."

Shelter says that two aspects of the Act have provoked con-troversy and antagonism in some local authorities. The first is the clause which reduces a council's responsibility towards those it classifies as "intentionally home-less" and the second is the fear of some councils that "out-siders" would flood into their areas once the legislation was enacted.

The article says that while most councils have shown that neither of these factors need be a problem, others have persisted with wide definitions of "inten-tionality," often to punish rent arrears cases and, in one case, domestic disputes — the main cause of homelessness. Others are mounting a campaign calling for the repeal of the Act, which they claim enables people from any area to get housing over the heads of the local population.

Mr. Ernest Armstrong, Parlia-mentary Under-Secretary at the Department of the Environment said recently that the Act, which came into force last year, had "got off to a good start" with local authorities increasingly accepting responsibility for hous-ing the homeless.

BSC to close Cumbria plant

itish Steel Corporation's tar stillation works at Lowca, mbria, will close on October 6. though a year's notice had to given, the company announ-d it has negotiated an earlier sure. The closure will cost 30 bs.

Solar experiment costs £64,000

A £64,000 experiment to test solar panels for domestic water heating has been started in East Dulwich, south London.

A terrace of 14 rehabilitated Victorian houses has been equipped with solar heating panels as part of trials sponsored by the Department of Energy to assess the potential of solar water heating in the UK.

The Government is spending £6m over four years to research the potential of solar energy as part of a £16m programme to develop alternative energy sources.

Syndicate will underwrite machinery

A NEW Lloyd's of London under-writing syndicate has been formed to underwrite machinery insurance business at Lloyd's.

The syndicate, which will con-sist of at least 100 members has been launched by A. B. Dick-Cleland (Underwriting Agencies) and Horncastle, Crawford and West. It will start operating next January.

It will insure all types of machinery for material damage and consequential loss and will bring the total number of syndi-cates operating in the Lloyd's market to 362.

Co-op plan for holiday saving

CREDIT scheme for paying r holidays or travel is to be troduced by the North Eastern operative Society, which has n travel bureaux.

Customers can book a holiday sting up to 15 times the nount of their monthly pay-ents, which can range from £8 £40 per month—and the Co-op ill pay interest on monthly lances at an annual rate of

TI silencers factory to expand

TI CHESWICK SILENCERS is spending £150,000 on the expan-sion of its Risley, Warrington, plant which makes commercial vehicle silencers.

The investment will increase the plant's capacity by 40 per cent, bringing output of truck silencers to about 6,000 a week. The expansion is due for com-pletion next year.

APPOINTMENTS

Strategic planning director for Plessey

Mr. K. Fearnside has been appointed director of strategic planning of THE PLESSEY COM-PANY. He will be responsible for giving increased emphasis to technical and marketing consider-ations as a basis for determining business strategies, and will give planning advice at both the com-pany centre and at subsidiary company level.

★

BRENT CHEMICALS INTER-NATIONAL announce the follow-ing appointments: Mr. R. Keith Baker, formerly export director of the group's Ardrox subsidiary, appointed group production man-ager; Mr. Derek J. Elgar, formerly technical director of Ardrox, appointed group quality control manager; Mr. David J. Hutchings, formerly development manager, appointed technical manager of Ardrox; Mr. C. Rich appointed pro-duct development manager of Ardrox.

★

Following the sale of Alliance Wholesale Grocers, the major portion of the Food Securities division of ASSOCIATED BRITISH FOODS, Mr. Keith Jamison will resign as chairman and managing director of Food Securities to devote time to out-side consulting activities. He will remain a director of Food Securi-ties, but in a non-executive capacity. From October 1 the new chief executive of Food Securities will be Mr. D. Sanderson, who has been a director of the group for the past five years. He has been responsible for the canning and frozen food companies within the group.

★

Mr. J. R. Willis has been made CASTROL public information controller. In this newly created post he will be responsible for increasing exposure for specific Castrol Retail products and policies chiefly through radio and television.

★

Mr. Norman Selsdon, managing director of STEINBERG and SONS has resigned as managing director.

★

The Home Secretary has appointed Sir Roger Falk to be an additional member and deputy chairman of the GAMING BOARD for Great Britain. This additional appointment is being made to enable Sir Roger to assist the chairman of the Gaming Board, Lord Allen of Abbeydale, with his duties on the Gaming Board for the period of the Tribunal of Inquiry into the affairs of the Crown Agents, of which Lord Allen is also a member. Sir Roger retired last year as chairman of P. E. International, the manage-ment consulting group. He is author of a Pelican book "The Business of Management."

★

Mr. Hugo Meynell and Mr. Graham Billington have been appointed directors of the ECONOMIST NEWSPAPER. The trustees of the Economist have appointed Sir Campbell Fraser (chairman, Dunlop Holdings) as a trustee in succession to Lord Sinclair, who has retired after serving for 25 years.

★

COMMERCIAL UNION ASSUR-ANCE COMPANY has appointed Mr. Michael J. Verey as deputy chairman. He has been a vice-chairman since 1975. Mr. Verey was formerly chairman of Schroders and of the Accepting Houses Committee.

★

Following the death of the chairman and chief executive of the SHEFFIELD TWIST DRILL AND STEEL CO., Mr. Norman H. Waple, Mr. J. L. Dickinson, hitherto deputy chairman, be-comes non-executive chairman of the company. Mr. Nils Mibollch, managing director of SKF Tools AB, Sweden, becomes deputy chairman with certain executive responsibilities, particularly in connection with the co-ordination of SKF Group cutting tool facili-ties. Mr. K. G. T. Clephane becomes managing director and chief executive.

★

CITIBANK'S investment man-agement group has appointed Mr. Stanley Lyons and Mr. Anthony Regan as vice presidents in the group's London office.

★

Mr. Robert G. Lanyi will rejoin the Board of PACOL on October 1, after two years' service with an overseas associated company. Pacol are commodity merchants and members of the Gill and Duffus Group.

★

Mr. J. Peter Gordon, chairman and chief executive officer of The Steel Company of Canada, has been elected to the Board of GULF OIL CORPORATION.

★

BENN BROTHERS has changed roles for two of its directors, effective from October 1. Mr. John V. Wilson, at his own request, is giving up day-to-day responsibilities for finance and administration to become more involved in development of the group's book publishing interests. He continues as chairman and managing director of Tolley Pub-lishing Co. and as finance director of Ernest Benn, both wholly-owned subsidiaries in the Benn Group. Mr. Anthony J. Fisher, takes over as finance director of the group, having relinquished his appointment as chairman and managing director of The Press at Coombelands.

★

Appointed managing director of CHLORIDE GENT, alarm manufacturers, is Mr. W. Angus Clark. Mr. Hamish Bryce has been appointed engineering director.

★

Mr. John W. D. Adamson, vice president, has been named Mid-lands regional manager and head of the Birmingham branch of BANKERS TRUST COMPANY. Mr. Harold Cotterill, vice presi-dent, previously Midlands and North of England regional manager in Birmingham, has been promoted to assistant general manager of the London branch and will be in charge of domestic (UK) banking activities of Bankers Trust Company.

★

Mr. M. R. H. Smith has been appointed deputy managing direc-tor of BAKER PERKINS. He has been a director of the company since 1974.

★

Mr. Kent H. Lee, Jr. will suc-ceed Mr. Robert P. Kenney as vice president of BFGOODRICH chemical division's international department later this year. Mr. Kenney will continue as director of Ciago b.v. in The Netherlands, the company's largest overseas manufacturing subsidiary. Mr. Harry E. Boland, currently area director-Pacific, will become managing director of BFGood-rich Chemical Europe b.v., at Voorburg, The Netherlands, a post which Mr. Lee had filled. Mr. Boland will have additional responsibilities as area director, Europe, Mid-East and Africa. Mr. John E. Stroope, at present direc-tor of (overseas) associate com-pany relations, succeeds Mr. Boland as area director-Pacific and managing director of B. F. Goodrich Chemical, Melbourne, Australia. Mr. John W. Weisel, manager of manufacturing, tech-nical and engineering service for BFG Chemical's international department, replaces Mr. Stroope. He will be located in the divi-sion's Cleveland, Ohio, head-quarters.

★

Lady Tavistock has been appointed a director of ASTON MARTIN. She became a design consultant to the company earlier this year.

★

Mr. M. Brayley has become general sales manager at JOHN PLAYER AND SONS.

★

Mr. Brian Goulding has been appointed Lloyds Bank Group representative with LLOYDS BANK CALIFORNIA. He will be based in Los Angeles. Mr. Goulding was formerly general manager of Lewis's Bank, the in-store subsidiary of Lloyds Bank.

★

Mr. Bruce Omand has joined the REX STEWART GROUP of advertising, marketing and public relations companies as a con-sultant. Within the group he has also been appointed a director of the D. C. Cuthbertson advertising agency.

★

Mr. W. F. Castle, director (engineering), Cyroplants, has been elected chairman of the IRONMAKING AND STEELMAK-ING PLANT CONTRACTORS' ASSOCIATION. Mr. J. A. Lowe, deputy chairman and chief execu-tive of Gibbons Brothers, has been elected vice-chairman.

Unemployed men face 17-week hunt for jobs

BY PHILIP BASSETT, LABOUR STAFF

NEWLY-UNEMPLOYED men must expect to remain jobless for an average of 17 weeks, according to a Department of Employment study.

The Department says the trend of the expected length of unemployment is rising, despite being marginally better in January-April this year than for the last four months of 1977.

Figures for women, which for the first four months of this year showed an expected 12 weeks on the register for the newly-jobless, are lower overall. But they follow the same trend.

The figures give some support to the view, widely held on the Left-wing, that unemployment is becoming long-term or structural rather than following the cycles of economic prosperity.

The latest figure for the expected length of unemployment is about five weeks higher than the average figure for 1971, the first year looked at in the Department's study. The lowest expected term of unemployment was nine weeks in 1974.

The study, published in the Department of Employment Gazette, says the underlying trend in long-term unemployment for all sex and age groups has been upward since 1972.

Long-term unemployment is linked to the unemployment level, but lags behind it. The level of unemployment and the median duration of current unemployment were falling in the last six months of 1972, for example.

The median duration of long-term unemployment continued to fall until early 1975 and then started to rise, even though the unemployment level began to climb in early 1974.

Men are unemployed longer than women. In July 1978 the median length of current unemployment for all ages was 19 weeks for men and ten weeks for women.

Length of unemployment increases rapidly with age. In July, 1978, the median length for men aged under 18 was four weeks. For men aged between 35-44 the figure was 27 weeks, and for men between 60-64, 45 weeks.

Length of unemployment tends to be higher in regions with higher jobless rates. In July 1978, the median length for men in the South East, with the lowest unemployment rate in the country at 5.4 per cent, was 16 weeks.

For men in the same period in the North region, with the highest unemployment rate of 8.5 per cent, the median length was 21 weeks.

Pay sanctions threat to local authorities

BY PAULINE CLARK, LABOUR STAFF

LOCAL AUTHORITY employers, who have been told by the Government that a 12.5 per cent pay rise to chief officers and executives is in breach of pay guidelines, may have to pay the full cost of the settlement.

The Department of Environment said yesterday that a withdrawal of the usual government contribution to annual pay settlements for this group was being considered under the Government's current policy for taking sanctions against employers who refuse to keep in line with pay policy.

Employers of the 5,000 top local government employees have already twice written to Mr. Peter Shore, Secretary for the Environment, rejecting his appeals for a renegotiation of the July Phase Three settlement. But no final decision has yet been taken on how the Department will respond.

The problem comes as something of an embarrassment to the Government at a time when unions representing some 1m local government manual workers are preparing for a major assault on its new 5 per cent pay policy.

But employers' representatives on the Local Authority Conditions of Service Advisory Board are clearly hoping that if they hold out long enough, the Government will be far too busy defending its new policy against the manual workers' 60 per cent total claim to make an issue of a small and, in their view, questionable infringement of the old 10 per cent guidelines.

Warning

Mr. Shore has, however, made it clear to the local authority employers that action is being contemplated. In a letter to the board he warned that if they were not prepared to renegotiate he would have "to take this into account" when considering the size of rate support grant to be paid under the increase order later this year.

The letter specifically referred to a proposal to withdraw some £3m from the total contribution "that would otherwise be determined" — a figure which represents around 61 per cent of the total bill for a 10 per cent pay increase at the normal rate of Government contribution.

The local authority employers have argued that a renegotiation of the settlement would upset their white collar pay scales and that their top employees have received no more than the Phase Three increase awarded to senior civil servants.

At the same time they are under little financial pressure to renegotiate the deal. An extra £3m can probably be easily absorbed into their total wage bill of some £8bn.

Honeywell plants to vote on pay strike

By Ray Perman, Scottish Correspondent

WORKERS AT Honeywell's two Scottish plants will be asked to vote on a pay package which would give extra earnings well above the Government's 5 per cent limit.

They have already given the management formal notice of strike action from tomorrow, but this is likely to be withdrawn until a meeting of the 1,500 workers can be held.

The company said last night that the deal had been submitted to the Department of Employment.

It involves 5 per cent more on basic rates, a self-financing productivity arrangement, which will be paid in arrears, and extending to the attendance bonus scheme which has already cut absenteeism from about 14 per cent to 7 per cent.

● Union leaders of 700 maintenance workers employed by the Greater Glasgow Passenger Transport Executive issued formal strike notice yesterday after rejecting a 5 per cent pay offer.

A further meeting will be held between the unions and the management before the strike notice is due to take effect next Wednesday.

The men are claiming £10 extra on basic rates, a 35-hour week and other benefits.

Existing rules adequate — AA

BY MICHAEL THOMPSON-NOEL

WOUNDED AND possibly bewildered, the Advertising Association was quick to respond to remarks earlier this week by Roy Hattersley, the Prices Secretary, who told a trade conference that the Government was considering legislation against advertisers who failed to observe the industry's voluntary code of practice and suggested that the time might have come to force advertisers who deceive the public to issue corrective advertisements.

The AA reckons that existing sanctions are adequate in most instances, "although we are prepared, in conjunction with the Advertising Standards Authority, to consider additional powers to deal with the 'pirate fringe.' It is worth remembering, however, that the Director-General of Fair Trading already has extensive powers in this area and it should first be explored how these might be brought to bear for the purposes of the ASA."

The association said it was pleased to agree with Mr. Hattersley in condemning the EEC Commission's proposals for a uniform system of legal control throughout the Nine.

But it doesn't care for the concept of corrective advertising.

"In those countries where it exists as a sanction, in particular the U.S. and France, it has been found largely ineffective in practice from the consumer's point of view, and although it may appear to present a useful deterrent to misleading advertising, it is unsuitable in the vast majority of cases where there was no intent to deceive, and ineffective for use against a deliberate one-off offender."

"Contrary to his reference to an 'obsession with marketing,' we believe that British industry has still a long way to go before it has a full understanding of the vital necessity of effective marketing as a means to industrial regeneration. We question whether the tone of Mr. Hattersley's speech does much to support the Government's industrial strategy.

"For instance, his reference to advertising in relation to competitive efficiency makes no mention of the part which good home marketing can play as a means to import substitution, to increased exports, or as a stimulus to product innovation for the benefit of consumers and industry alike."

(Familiar territory, this, but let us continue.)

"The advertising business has always accepted its full share of social responsibility, and recognises the problems of vulnerable and susceptible groups. Indeed, this issue is specifically covered in the Code of Advertising Practice which is under continual review to meet changing public opinion on this very important subject."

Quite reasonably, the association does not at all welcome Mr. Hattersley's foray into the recent reports by the Price Commission — the report on the proprietary medicines market and the one on Southalls of Birmingham.

"It is, however, Mr. Hattersley's comments about advertising expenditure in general which the industry finds particularly difficult to understand. The idea of an advertising tax, for instance, has now been so effectively rejected that we are surprised Mr. Hattersley has chosen to raise it again. As he himself implies, its inherent dangers make it wholly impractical.

"In the same way, we totally reject the idea of 'an investigatory authority to examine advertising expenditure and evaluate its social and economic consequences.' It is difficult to understand who, apart from manufacturers themselves, might be in a position to set a company's advertising budget, or who is qualified to pronounce on the social aspects of advertising.

"We would suggest that most consumers are looking for less rather than more Government intervention in their lives. Marketing people also believe that the ultimate choice must be left to the consumer, who alone will decide what products to buy or not to buy."

Bank ballot over Christmas working

By Our Labour Staff

THE EXECUTIVE of the National Union of Bank Employees decided yesterday to ballot members on its recommendation that bank staff work at noon on the last working day before Christmas.

The union recommendation opposes the banks' intention this year of operating normal banking hours on Friday, December 22.

The ballot is to be carried out among 16,000 NUBE members in four regions, although a decision to stop work at noon would apply nationally. Union officials say an initial survey of its members' reaction indicated that the recommendation would be overwhelmingly supported.

The union says that by custom and practice its members are entitled to 4½ days holiday over Christmas, including half a day on the last working day before Christmas. The banks say the half-day concession applies solely to Christmas Eve, if that happens to be a working day.

Last year, however, the banks closed at noon on the Friday before Christmas, even though it was not Christmas Eve. This, they say, was a deviation from normal policy and not a precedent.

BIM not sole voice of managers—union

BY OUR LABOUR STAFF

THE ENGINEERS and Managers Association has written to Mr. Denis Healey, the Chancellor, challenging a claim by the British Institute of Management to be the sole organisation representing managers in their relations with Government.

Mr. John Lyons, the association's general secretary, says the most pressing need is for a politically unaffiliated union to negotiate and speak for professional and managerial staffs and represent their interests as employees in industrial democracy.

"The BIM can do none of these things," says Mr. Lyons. "We do them all. Our aim is to unite professional and managerial staffs across British industry so that they become a really influential body in all matters that concern their interests."

Mr. Lyons, who is engaged in a fierce battle to represent managers in engineering, says the proper roles of the BIM and the association were complementary, not antagonistic. He endorsed most of the aims set out in this year's BIM manifesto.

Teachers seek role in courses

By Our Education Correspondent

STRONG UNION influence in the planing of courses in polytechnics and further education colleges is demanded today in a policy statement by the National Union of Teachers.

The statement broadly supports the Government's plan to set up a new national body to co-ordinate state higher education outside the universities.

But the union opposes the Government's proposal to choose the eight to 10 "academic" representatives on the new body.

Fewer strikes, but days lost up 29%

BY PHILIP BASSETT, LABOUR STAFF

THE NUMBER of strikes fell marginally last month, though the number of working days lost through stoppages rose by 29 per cent to almost ½m

Stoppages which began in August totalled 129, with another 52 still in progress at the beginning of the month, according to provisional figures in the Department of Employment Gazette.

The total, which involved about 72,000 workers, a 21.7 per cent fall from the previous month's figure, is in line with the general downward trend this year

It is the lowest monthly total for 18 months, barring the figure for December which is always lower because of the Christmas holiday period.

Among the prominent stoppages for the month were: a dispute involving 1,500 machinists over pay at Leyland Vehicles' Bathgate plant: a strike over re-grading by 780 maintenance men at the Perkins diesel engine plant at Peterborough and an eight-day stoppage at Southampton Docks over safety procedures which involved about 1,500 dock workers.

Working days lost due to stoppages in August totalled 449,900, moving up again from the 348,000 low for the year in July. Pay was the cause of more than half the stoppages.

The number of workers in production industries rose in July over the June figure, but was still lower than the total for July, last year.

The number of employees in industries covered by the Government index of industrial production was 9,095,500, up 34,200 on the previous month, but still some 60,500 lower than in July last year.

In the week ended last July 8, the estimated number of employees working overtime in manufacturing industries was 1,811,700, about 34.8 per cent of the total. Each worker clocked an average of 8.8 hours overtime in a week, giving a seasonally adjusted total of 15.72m hours overtime worked.

In the same week the estimated number on short-time in these industries was 34,000, or about 0.7 per cent of the total, each worker losing an average of 20.5 hours.

Bank booklet for the blind

A BOOKLET FOR the blind has been produced by Lloyds Bank. The booklet, called Managing Your Money, has been printed in braille, and large print for the partly-sighted.

It is the result of studies by the Warwick Research Unit for the Blind and is available free of charge from Monica Brett, Public Relations Department, Lloyds Bank 71 Lombard Street, London EC3.

Gas men reject action

BY OUR BELFAST CORRESPONDENT

ABOUT 800 GAS workers in Ulster have decided against taking industrial action in pursuit of their campaign to have natural gas piped to the province.

They rejected a recommendation from shop stewards that they should begin a series of lightning strikes. Employees of the gas undertakings have been calling for some time for the construction of a pipeline from Scotland to Ulster to carry North Sea gas.

Their argument is that the cost of gas in the province is three times as high as in Great Britain.

The Northern Ireland Economic Council is soon to announce proposals about the future of the gas industry. Its recommendations are already with the Government.

'Hostility pay'

WHITE-COLLAR civil servants working at the Windscale atomic plant in Cumbria have been awarded a "hostility" allowance for working there to bring into line with the industrial civil servants at the plant.

NALGO backs stoppage by social workers

BY OUR LABOUR STAFF

SOCIAL workers, who marched through London yesterday to back their claim for local bargaining rights, were assured of full support for the strike from their union, the 710,000-strong National and Local Government Officers' Association.

The assurance was given to a strikers' delegation by Mr. Geoffrey Drain, the association's general secretary.

Several hundred London social workers joined the one-day strike called by the All-London Social Workers' Action Group, including strikers from Southwark and Tower Hamlets where industrial action was started about six weeks ago.

A similar protest by social workers in the north of England and Scotland was staged in Newcastle-upon-Tyne, Liverpool and Leeds.

Mr. Drain, who had already visited the picket lines in Tower Hamlets and Southwark before yesterday's strike and planned to see the Newcastle strikers next week, told the delegation the union's policy was that it would not negotiate with the employers nationally for improved social workers' gradings.

"Local negotiations are the only way in which local circumstances can be recognised and the employers' association should release its constituent local authority members and allow them to undertake local negotiations."

He added that the association's activities would be extended as more branches were ready to take action. He had no doubt that the NALGO emergency committee would support any group of social workers in branches where they were prepared to adopt sanctions or go on strike and where local authorities refused to negotiate.

The social workers want an improvement in their basic pay scales and freedom to negotiate extra money for those working in problem areas.

However, local authority employers are anxious to retain a national structure for social workers' pay to avoid the dangers of different authorities having to compete with each other.

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Bonus plan at Raleigh

BY OUR LABOUR STAFF

TI RALEIGH Industries is introducing a bonus scheme for its 9,500 manual and white collar workers based on output related to the total workforce.

The company said yesterday that at the present rate of improved productivity the bonus could amount to about one week's pay for each employee every six months. First payment is due before Christmas if productivity targets are met.

The bonus scheme is separate from annual wage negotiations in the company, which manufacture bicycles, components and carseats. Settlement dates for Raleigh's various plants vary, with its main Nottingham complex due to settle in November.

Long-haul flights cancelled by British Airways

BRITISH AIRWAYS yesterday cancelled nine long-haul flights after a walk-out by engineering tradesmen working on Boeing jetliners at London's Heathrow Airport.

The stoppage began when men refused to work on an aircraft in the airport's central area, claiming it should have been returned to the maintenance area.

When the afternoon shift walked out, about 100 men were involved. The men returned to work after a meting with management.

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

Pal and Persil on the mind

MISS X writes: "I am soon to be married and want to do things right. I'm going to use Persil now that I know leading manufacturers recommend it."

Mr. Y: "I must confess I have occasionally bought other brands but now that I know PG Tips tea bags are the biggest I will buy them regularly."

Mrs. Z: "I don't own a dog but buy Pal and will continue to do so because my cat Suzy loves it more than most cat foods."

The above quotations are all taken from entries in the first TV Tag competition run by the Newmedia company. The competition, with a top prize of £5,000 cash and 2,000 others of £5, is open until November 1 to readers of the Yorkshire and ATV area editions of last week's TV Times.

An eight-page section in the issue contains ads for six products—the three already referred to plus Danish bacon joints, Macleans toothpaste and Revels chocolates. Competitors have to answer four questions about each product, of which three are opinion questions related to the ads, e.g. "Why do you think that new Persil Automatic should be used in your automatic machine?"

The fourth question in each case is a factual one about the TV advertising for the product. To win a prize, readers have to know what is in the commercials and write a satisfactory reply to a tie-breaker question. This asks them to say in no more than 25 words how something they have learned about one of the products will help them in their weekly shopping in future.

As can be seen from the sample replies, not all competitors seem to understand the question perfectly, but all write about the advertised products with an enthusiasm worthy of professional copywriters.

The whole point of the competition is, indeed, to foster such enthusiasm. Unlike other promotional competitions linked directly to purchases of the products promoted, the TV Tag game is expected to boost sales for the participating clients simply by getting people to take an interest in their claims.

The theory is that irrespective of whether they win a prize, they'll be much more aware of, and much more likely to buy, a product whose advantages they themselves have praised.

Does the theory work in practice? Going by the experience of Newmedia's U.S. parent, the answer would appear to be yes. But the clients who paid £12,000 each for last week's exercise are not relying on what the Americans say. Part of the fee is going to pay for research on the sales and attitudinal effects of the technique. These will be investigated by AGB and its RSGB subsidiary respectively.

Confident that the results will prove the theory, Paul Ashby and John Wardrop, who run Newmedia in Britain, are negotiating with clients for the next competition. This will be published in the TV Times next May and will cover all TV areas. The fee will be £27,000.

Ashby hopes that the TV Tag section will be published three times a year in the TV Times. But he is talking of extending the technique to other media—possibly IPC women's magazines—and other countries. First on the list is Holland, where the medium used will not be a magazine but a giveaway booklet.

This will be based on Shopper's Voice, which Tom Hill, Newmedia's American boss and a shareholder in the British operation, started mailing out some ten years ago. Hill only switched to magazine inserts when rising postage prices made mailers uneconomic.

Interestingly, Shopper's Voice was imitated in this country four or five years ago by the Marketforce company, which distributed a magazine called Shopper's Choice door-to-door in a test area. Research showed huge gains in awareness among recipients of the brands featured in the magazine even when they did not bother to enter the competition.

A notable aspect of the Newmedia story, both in the U.S. and Britain, is that agencies have tended to fight shy.

The best mummy can buy.

THE GREAT sausage fight-back continues. Wall's, easily the brand leader, is ploughing £200,000 into a national magazine campaign this autumn, built upon the theme: "The Best Mummy Can Buy." In addition, the Wall's brand will be supported throughout October and November with national money-off promotions and coupons on all top-selling lines, writes **Michael Thompson-Noel.**

Wall's is certainly making the running in what is a fast-growing market. At present it is worth around £250m at retail prices, compared with £180m two years ago. Within the total market, sausage sales via grocers have improved from £80m to £115m. In volume terms the market has grown by 8 per cent but grocers' sales have shot ahead by 16 per cent—helped mainly, says Wall's, by its own aggressive marketing and retailer support.

In particular, Wall's has worked hard to help grocers claw back the business they were increasingly losing to butcher's shops. Currently, grocers have 44.4 per cent of sales against the butchers' 36.2 per cent, but the plan is for grocers to fully regain their former 54 per cent which at today's values would push their share to £135m—a lot of sausage.

According to Wall's marketing manager, Ian Harkness: "Total sales of sausages and other processed meats are continuing to benefit from higher prices of prime cuts, but the increase in the grocery share of the market really began two years ago following our sausage re-launch. Heavy promotional and advertising support at that time achieved its object of encouraging consumer purchases, and this progress will continue as we keep up our record level of advertising this autumn."

This week Wall's told the grocery trade: "The indications are that sausage prices will continue to increase less sharply than those of carcass meat. The Meat and Livestock Commission's forecast is that beef and veal production in 1979 will probably decline by 7 per cent compared with 1978, with consequent increases in the price of many cuts of meat."

What is more, sausages are good for cash flow. They offer an extremely high sales-value-to-space ratio, involve little or no retail handling and storage costs and generate a net return of up to 20 per cent. According to Wall's, they should be allocated 15 per cent of total linear cabinet space devoted to chilled products.

But Wall's is clever. It doesn't suggest that its own brands hog all the space. To obtain maximum sales and profits, it recommends that large stores stock a maximum of three brands: Wall's plus two others with regional strength. Smaller stores should stock Wall's plus the strongest local brand, says Wall's.

Can the Star shine?

EXPRESS NEWSPAPERS is taking a big financial risk with the Daily Star, to be launched next month, but knowing this, the Express management must be confident of success and the new daily cannot be underestimated, says Young and Rubicam in its latest media bulletin.

The Star will at first be published in Manchester, with an initial circulation target of 1.25m; thereafter it will aim for full national distribution by next January or February, says Y and R, with a minimum circulation of 2m—a figure which the agency thinks Express Newspapers will find "almost impossible" to meet in such a short space of time.

The Star will aim to gain readers at the expense both of the Sun and Mirror but in addition will hope to expand the morning newspaper reading market among the C2D group, says Y and R, especially in the Midlands and North. "Express Newspapers claims that 10m adults do not read a national daily and that half of these live in the Midlands and North."

After totting up its own estimates of the circulations and readership of the four existing morning tabloids in the Star's chosen launch area, Y and R says: "Given an estimated circulation for the Sun/Mirror in the Midlands/North of 4.5m, the Star's target of 1.25m means it must secure 28 per cent of the Sun/Mirror circulation. If, realistically, we include the Express in the Star's principal competition, then it will need to secure 22 per cent of the combined circulation of the three papers."

The Star's 6p cover price is certainly competitive, says Y and R, but the chances of generating the extremely ambitious target circulation at a higher cover price would have been remote anyway in the face of the entrenched positions of the Sun and Mirror and the combined promotional muscle of both.

"There are, however, two factors which may minimise this price advantage. First, the Mirror and Sun at 8p and 7p respectively have much more attractive trade margins, so the Star, particularly in relation to the Mirror, is not very attractive to retailers.

"Second, there is evidence to show that habit and product preference are much more important than price alone. The Mirror's circulation has been remarkably resilient to the 1p (and 2p) price advantage of the Sun. Nevertheless, the Mirror at 8p is more vulnerable to the Star than the Sun, particularly in the Midlands where the Mirror is weak."

The 6p cover price also means the new paper must succeed in reaching its circulation targets quickly if Express Newspapers is not to sustain unacceptable medium-term losses, says Y and R.

"All newspapers are becoming increasingly dependent on cover price rather than ad revenue and to remain viable the Star would have to plan to raise its cover price fairly soon after getting established, thus losing one of its key volume-building advantages. (The Sun, with all its promotional clout and editorial novelty, took three years to reach 2.5m in a less competitive market and from a base of 900,000).

"The hint (from informed sources) that the Star may print in London makes sense. The Express probably has spare capacity and the chances of a Northern-oriented paper making headway against the Sun/Mirror/Express in the South are remote."

Beverages: the demand curve that soured

BY HAROLD LIND

ANYONE WHO has been exposed to economic theory will remember the demand curve. It is that delightfully simple line on a graph which shows the effect of a price change on the amount of a product purchased. If we wish, we can even measure the slope of this line and talk learnedly about price elasticity of demand.

When we go into the real world, of course, we find that life is not that simple. Most price changes in a short time period (say a year or less) are relatively small, and tend to get lost among all the other price changes taking place in a market. But in the last couple of years, students of the demand curve ought to have had a field day.

In the period 1975-77 the price of two key commodities on everybody's shopping list, tea and coffee, increased by 118 per cent and 164 per cent respectively according to AGB figures derived from its TCA consumer panel. Increases of this nature are not so small as to be swamped by the "noise" of other price rises; equally the products concerned are not so marginal to consumers' interests that they can be ignored easily.

Thus a close examination of the effects of these massive price increases on demand for tea and coffee could be expected to produce some fascinating snapshots of the demand curve in its native habitat. And so it does. But as with so many other shy creatures of the wild, the demand curve when inspected closely proves to be far more complex than might have been expected from what could be described as the Walt Disney approach.

The table shows changes in price and volume of tea and instant coffee bought each year since 1973. At first sight the picture appears clear. Coffee was on a rapidly rising market in volume terms until its price went through the roof in 1976, after which its volume sales sagged, thus demonstrating that demand curves do indeed slope downwards. Further, the fact that volume of coffee bought fell by only 17 per cent in a period when price was rising by over 200 per cent suggests what we would have guessed in any case, that demand for a beverage such as coffee is relatively inelastic.

The position for tea looks equally simple. The volume of tea bought had been declining slowly for a number of years, but when the price of tea also went through the roof in 1977, the downward trend in demand steepened only very slightly. Thus we might see tea as a commodity with an extremely low elasticity of demand, much lower than that for coffee.

This application of demand curve theory to the real world looks plausible, but a closer examination of the figures, which fortunately are available monthly as well as annually and also for countries other than Britain, suggests to me that the explanation given above is over-simplified. An example of what I mean appears from the monthly figures of demand for tea and coffee in 1978, again taken from the TCA panel.

As would have been expected at a time when beverage prices were generally falling, demand obviously began to pick up, but a comparison between the movements in the tea and coffee market is very revealing. One must bear in mind that individual monthly figures can be distorted by particularly effective price promotions or advertising campaigns, and one should not therefore draw too many conclusions from the figures for a single month.

TEA AND COFFEE (1973=100)

	Instant Coffee Price	Instant Coffee Volume	Tea Price	Tea Volume
1974	109	104	110	98
1975	122	109	123	94
1976	169	107	141	93
1977	322	83	269	88

Source: AGB-TCA

Nevertheless, the movements in the tea market during the first three or four months of the year hardly square with the highly inelastic demand profile which appears from the annual figures in the table. It also seems rather surprising that at a time when tea prices were beginning to fall back from their very high levels of a few months earlier, the volume of tea bought began to decline by much more than it had in the previous year.

I believe that these points require interpretation, and this is in fact my major reservation about demand curves in particular and the science of economics in general. It is not necessarily that demand curves are meaningless, but rather that before their meaning can be understood they have to be interpreted by someone with knowledge of the market concerned and some concept of the realities of competition, which excludes the overwhelming majority of academic and governmental economists.

I believe that what the monthly figures of demand for 1978 show is the high substitution effect between coffee and tea. One of the main reasons for the fall in volume of tea bought in the early part of 1978 was simply that as coffee prices stopped looking totally extortionate, a considerable number of people who had been buying tea rather than coffee began to switch back. If this is so, we also have to reinterpret the figures shown in the table.

The relatively small decline in volume sales of tea are probably due to many people substituting tea for coffee, even though the price of the former was increasing rapidly, because the price of the latter was increasing even faster and from a higher base. Thus as they stand, the figures for tea in the table tell us relatively little about the price elasticity of that product, but perhaps rather more about its relatively close substitutability for coffee.

This is only an interpretation of the figures, but it is borne out by evidence from other countries. The increase in coffee prices was a worldwide phenomenon and it is helpful to look at what happened elsewhere in Europe. Europanel, a consortium of ten market research companies in Europe, has prepared a comparison of trends in the ground and instant coffee markets over the past few years.

Looking at the instant coffee figures for Sweden, it appears that in the period from 1975 to 1977, at a time when prices rose by 87 per cent, volume bought rose by 143 per cent. We may have heard that the Swedes are a gloomy nation, though positive revelling in massive price increases seems to be carrying masochism too far. But looking at the figures for ground coffee clarifies the position. Prices in that market went up by 150 per cent, while volume fell by over 20 per cent. Instant coffee had a relatively small market in Sweden, and was always cheaper than ground coffee. Its price increase was large in absolute terms, but seen as a substitute for ground coffee it looked a tempting cheap alternative. The same thing on a somewhat lesser scale happened in France.

This article is not designed to treat the question of price elasticity and substitutability in the beverages market in any kind of depth. For instance I have carefully not covered the question of consumers postponing or advancing purchases because of expected future price changes—one of the major reasons why most statistical treatments of demand do not get very far. The purpose here is merely to show that even in the most clear-cut case of major price increases in a very fully documented market, severe problems of interpretation arise even for experts in the markets concerned.

One is merely left wondering by what divine guidance government bodies such as the Monopolies Commission or the Prices Commission can make such categorical pronouncements about the effects of competition and the justification for price rises in far more complicated and less well documented market situations than the recent one for beverages.

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[illegible] من الأصل

Saturday night on Sunday morning

Video cassette recorders set you free from TV timetables. That's why video taping is fast becoming a billion dollar business in the United States.

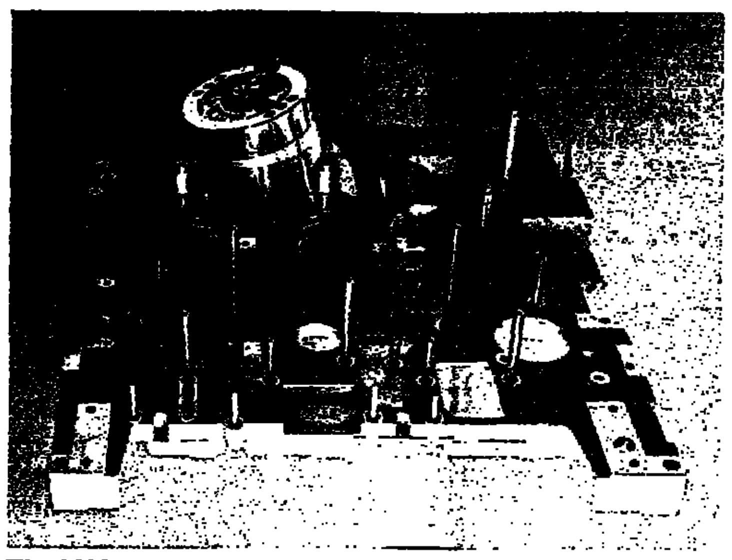
Over here, the idea's still quite new. So many people don't realise that all video tape recorders are not created equal.

Sometimes, the taped picture quality leaves a lot to be desired. Or the tape runs out ten minutes before the end of the programme.

In fact, it takes a very special recording system to give perfect picture quality plus adequate recording time. The Matsushita group's VHS is such a system.

That's why VHS has been taken up by most of the big TV manufacturers in the United States and Europe.

Our record in TV is impressive. We brought out a set with a screen the size of a postage stamp in 1969. And the world's smallest colour portable in 1972. Our famous "Magic Line" tuning came in 1952. Total worldwide production to date: over 50 million sets.


The 8600's aluminium die-cast chassis and quartz-locked, direct-drive video cylinder motor.

Technics, one of the most innovative hi-fi makers in the world, is a sister company. Their direct-drive quartz-locked turntables and tape decks are noted for superb sound and utter reliability.

Without all this experience in the TV and audio fields, VHS video tape recording would probably still be on the drawing board.

Instead, it's here on the market. The Panasonic NV-8600 is built to last. It has a die-cast chassis instead of a flimsy stamping. And the video cylinder motor is, of course, quartz-locked and direct-drive.

Naturally, the 8600 has a built-in digital auto-timer. You can preset it to automatically record a programme on one channel while you're watching another. Or even to record while you're not at home.

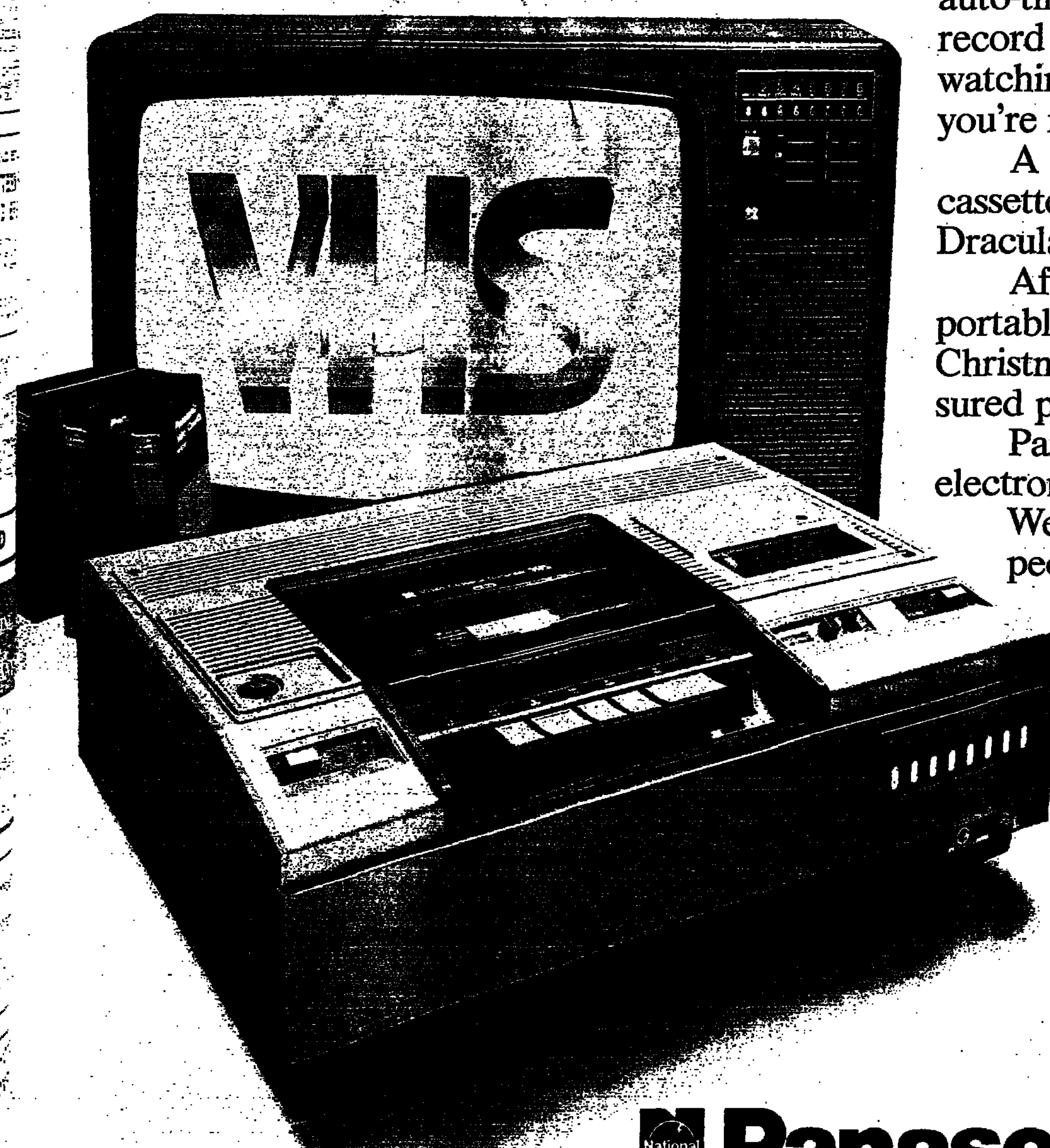
A whole film easily goes on one 3-hour VHS cassette. Including the last ten minutes when Dracula is tracked down to the lonely churchyard.

After a bit, you'll probably want to add the portable video camera. Then family events like Christmases and birthdays will become a treasured part of your growing video cassette library.

Panasonic is part of Japan's biggest consumer electronics group—Matsushita Electric.

We got where we are today by bringing people what they want. Like the freedom to spend Saturday night on the town and Sunday morning watching Match of the Day.

The NV-8600 can be used with any good colour set. But our new TC-2203 with "Magic Line" tuning forms the ideal combination. Prices, inclusive of VAT and correct at time of going to press; NV-8600, £750; TC-2203, £399.50.



For a free full-colour VHS leaflet, send this coupon to National Panasonic (U.K.) Ltd., 107/109 Whitby Road, Slough, Berks. Tel: Slough 27516.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Batteries of double power

RESEARCH WORK aimed at making a new type of electrode to improve the efficiency of batteries is in progress at Inco Europe's Research and Development Centre in Birmingham.

The International Power Sources Symposium, held this week in Brighton, UK, was told that electrodes made in accordance with this new method and called Controlled-Micro-Geometry (CMG) electrodes can provide a highly regular distribution of very small holes in a relatively thick plate of battery active material and conducting support.

This ensures that the current flowing through the battery electrolyte has easy access to every particle of active mass in the battery. In conventional batteries, whatever the electrochemical system, e.g., lead-acid, nickel-iron, nickel-cadmium, the internal structure of the electrode is not nearly so well controlled and so, in comparison, the active mass is not so efficiently charged or discharged.

At the same time, in CMG electrodes the weight of metal required to support the active mass, and conduct the current to or from it, is much reduced compared with conventional types. Furthermore, with CMG it is readily possible to vary the diameter, spacing and depth of the holes independently—something not possible with other types of construction. This permits the design of electrodes to be optimised for particular applications, e.g., capable of being charged and discharged at significantly higher rates than is the case with conventional electrodes.

CMG electrodes are made first by electrodepositing nickel to form a sheet less than 0.0002 in thick. This is perforated by electrochemical etching to create a regular pattern of closely spaced holes, each around 0.03 in diameter. The perforated sheet is coated on one or both sides with a relatively thick layer of active chemical in such a way as to leave the holes clear. The total coating thickness per foil may be up to about 0.005 in. A number of pieces of coated foil (up to 50 or more) are stacked with the holes in close register. The stack may be pressed to consolidate it, and it is then welded along one edge to provide an electrical connection between the nickel sheets and the terminals.

Thus, the concept being investigated is to produce a battery capable of storing up to twice as much electricity as a conventional battery of similar weight. Alternatively, of course, a CMG battery of half the weight of a conventional one could store as much energy.

If weight is not the foremost consideration, the high-rate charge and discharge capabilities may be turned to good account in the construction of emergency, stand-by and aircraft starting batteries.

The CMG concept has been tested to date in the construction of electrodes of nickel, of iron and of cadmium.

Manufacture of such CMG electrodes should lend itself to highly-automated methods of construction with consequent cost economies, but the manufacturing plant for this purpose has yet to be developed.

Much laboratory work remains to be done before the concept can be applied by battery manufacturers, the company points out.

But indications are that the concept offers battery manufacturers a prospect, in the longer term, of producing substantially improved products for industrial and commercial battery users. Applied to city transport units, such batteries could provide a doubling in the operating radius without any need to alter the vehicle or motor design.

Patent and know-how licences are available from Inco Europe, Thames House, Millbank, London SW1 4QF. 01-834 3888.

● SERVICES

Advising on technology

SERVICES offered by Cambridge Consultants' newly-established manufacturing technology group include the application of mechanisation and automation techniques, waste reduction programmes value engineering and new product design using advanced materials and production processes.

Assignments currently in progress include implementing a microprocessor-controlled laser cutting system to automate electronic component production and thus increase output and reduce product costs; and designing a range of products for a newly-developed metal.

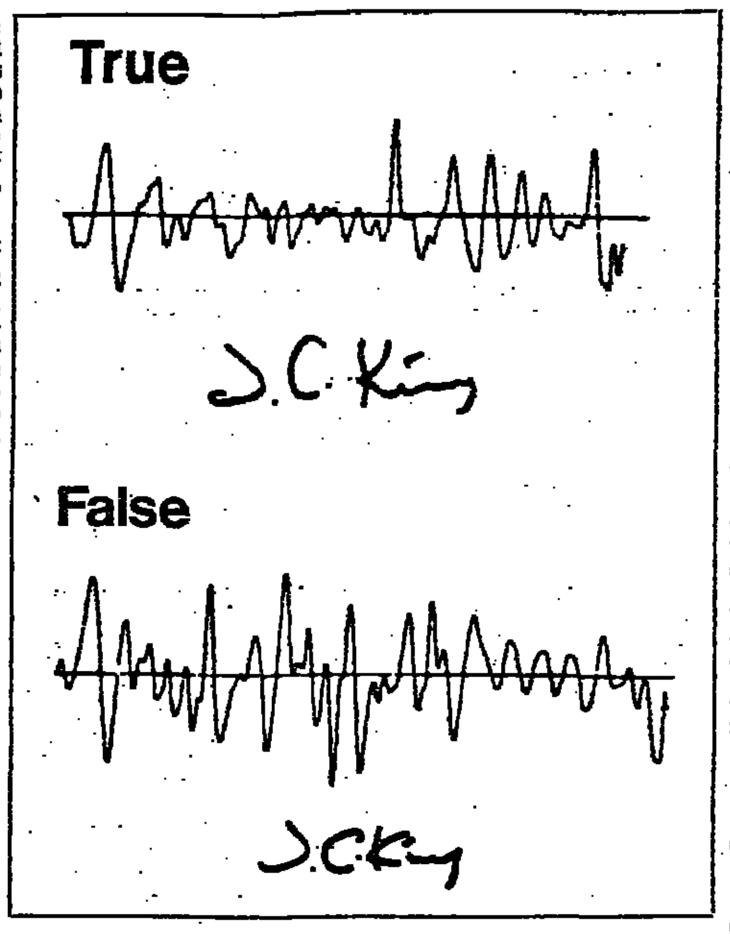
The group is also providing a technical assessment of the existing product range and manufacturing facilities of a company concerned about its current low profitability to aid future investment and corporate planning decisions.

Several projects have also been carried out under the Department of Industry's manufacturing advisory service. These include introducing mechanised welding to give a 10 per cent saving on boiler production costs, investigating eyeletting processes to reduce scrap rates, and optimising production and design procedures to enable a client to meet expanding demand for printed circuit boards.

Cambridge Consultants, Bar Hill, Cambridge CB3 8EZ. 0954 80461.

● SECURITY

Detects most forgeries



EXPERIMENTAL signature verification equipment built at IBM's Research Division has detected the difference between forged and genuine signatures in realistic field testing. The system may be used in controlling access to sensitive data, devices or locations.

In field trials of the system, held at an IBM facility, 2,907 of 2,958 verification attempts (98.3 per cent) were accepted. An even greater proportion of forgery attempts—490 of 492 (99.6 per cent)—was rejected. The 2,958 valid signatures were collected from 248 individuals, who volunteered for the field trials. The "forgery" attempts were made by some staff members from the Thomas J. Watson Research Centre who tried as best they could to fool the machine.

This is, so far as is known, the best performance ever achieved by an automatic signature verification system, according to one of the system's inventors, Dr. Noel M. Herbst. The principles on which the machine is based will allow it to be more accurate than human document examiners, he believes.

First described to the European technical press at a meeting at IBM's La Hulpe research centre in Belgium some three years ago, the method does not "read" handwriting as such. Instead it detects the sequence of accelerations and pressures imparted to the pen by the muscles of the arm and compares this sequence with similar information on reference signatures contained in an appropriate memory.

Studies have shown that rapid handwriting of familiar patterns, such as one's signature, becomes habitual to the extent that the timings of the muscular movements are consistent and beyond deliberate control. The virtually ingrained nature of such muscular co-ordination is the key to verification in the experimental IBM system.

The new system measures data while a signature is actually being written. Small accelerometers and a pressure detector built within the barrel of a pen linked to a computer detect the differences in accelerations and pressure as well as the revealing hesitations, that can betray attempts to forge a signature.

In an earlier version of the system, patented in 1976 by Dr. Noel M. Herbst and Mr. John H. Morrissey, only acceleration data were measured as the signature was being written. To improve the system's discrimination of true signatures from forgeries, Dr. Herbst — together with two other IBM scientists, Dr. Chao N. Liu and Mr. Nicos J. Anthony — added pressure-recording features. They also refined the decision procedure by which the computer evaluates the signature.

The decision procedure at the heart of the system took over four years of research effort. This algorithm compares two signature patterns, measuring the similarities in their fine detail, while ignoring the gross changes that often occur in signatures — such as missing strokes and stylistic variations.

IBM United Kingdom, 101 Wigmore Street, London W1H 0AB. 01-935 6600.

Similar work has been carried out at the SRI International's research centre at Menlo Park in California and a pen and detector system devised there will record the sequence of directions and pressures a pen is put to in order to trace out a signature.

Developers envisage putting all the electronics needed on to a single microprocessor chip and the information needed to identify the signer would go on to the magnetic stripe of a credit card.

SRI has licensed the pen and detector to Beehive International, maker of computer terminals, of Salt Lake City, Utah.

● ELECTRONICS

Simplifies counting

NEW FROM RCA Solid State, CD40110B is a circuit with a counter, decoder and display driver on a single chip. Designed for use in rate comparators, general counting where a display is required and up/down counting of random input pulses, the circuit has separate clock-up and clock-down lines that can each be clocked up independently of the state of the other.

The circuit also incorporates control logic and a Johnson counter, into which the signal is fed after preconditioning. The outputs of the Johnson counter (which includes anti-lock gating) are fed into a latch, and this data can be fed directly to a decoder or strobed to hold a particular count while the Johnson counter continues to be clocked. The decoder feeds a seven-segment bipolar output driver which can provide up to 25mA to drive light emitting diodes and other displays directly.

RCA Solid State, Sunbury-on-Thames, Middlesex, TW16 7HW Sunbury 85511.

Chips that sound off

LATEST semiconductor integrated circuits are devices that can be made, under microprocessor control, to emit sounds and noises for application in the entertainment, education, security and control fields.

Made by General Instrument Microelectronics, the devices can generate the electrical analogues of sounds ranging from notes from musical instruments to complex sound effects for electronic games and warning signals for security applications.

The acronym is therefore, PSG, standing for programmable sound generators—which will, says the company, open up an entirely new dimension. They interface easily to any microprocessor.

According to the company's product manager, Peter Rush, "You really have to hear it to appreciate what this development means." Accordingly, he has made the sounds available to the general public by ringing *01-439 7052. Chip orchestras* may yet be on the cards.

The company is at 1, Warwick Street, London W1R 5WB (01-439 1891).

Looking at UK market growth

GEORGE WARD (he has nothing to do with Grunwick) is a 40-year-old American aeronautical engineer and head of the new management team of Systron-Donner Corporation, whose English subsidiary is at St. Mary's Road, Leamington Spa, Warwickshire, CV31 1QN (0926 35411).

The company's products include accelerometers, potentiometers, frequency synthesisers, *spectrum analysers — basically* used for electronic measuring, testing or sensing devices that are to be found on aircraft, trains and hydrofoils, in remote weather monitoring stations and for a wide variety of industrial and medical applications.

Mr. Ward said that his company is "on every U.S. spacecraft and launch vehicle . . . with at least one product and in many cases multiple products."

He was in London this week to review the end of term report of the English end of the business (80 per cent of its output covers the military buyer—guided missiles, dynamics, aircraft industry and security installations, etc.) and promise the introduction, in the near future, of an optical flame detector.

In all, the company has 11 manufacturing capacities which are located in California, UK, West Germany and Australia.

● MAINTENANCE

Topping-up simplified

ELECTRICAL MAINTENANCE engineers could use a new electrolyte level checking and topping-up system from Chloride *Alcad of Redditch. Incorporating* an automatic audible alarm system that buzzes when the desired electrolyte level has been reached, this system is particularly suitable for large battery installations or for use on individual cells where the electrolyte level cannot otherwise be accurately gauged.

The equipment can be easily carried round by a maintenance engineer. It comprises a trigger-operated filler gun connected to a two-gallon plastics distilled *water bottle. The electrolyte can* either be pressure-fed into the cells or, by holding the container above the level of the battery, it will flow by gravity.

The alarm buzzer is operated by small mercury button cells and is housed in the filler gun. Pre-setting an adjustable collar on the filling nozzle ensures that the electrolyte completes a circuit between the probe terminals and activates the level alarm.

Chloride Alcad, Union Street, Redditch, Worcs. B98 7BW. Redditch 62351.

● ACCOUNTING

Data fed into two systems

INTERNATIONAL construction group French Kier Holdings is using a service provided by CMG Computer Management Group (Middlesex) to handle the administration of its pension scheme and payroll.

A special interface program has been written to link the CMG "Payfact" payroll package with the "Compere" computerised pension system. This now automatically maintains a range of information common to both systems.

When an employee joins, a record is created on Payfact master file to hold basic details such as name, company code, location, National Insurance number, sex/marital status, salary, date of birth, date of joining, etc.

These items are automatically transferred to the Compere master file. When the employee becomes eligible for life assurance benefit or entry to the pension scheme, the system provides the pension scheme administrators with the appropriate information — including that required under the new Social Security Pensions Act.

With this Act, which came into *force in April* this year, the volume of information which must be maintained by company pension schemes has been increased dramatically. By adopting Compere, French Kier has been able to reduce the amount of manual intervention to a minimum.

Information held on the computer file for the group includes personal records, records of family and dependents, position in the company, remuneration and any "bought in" pension rights. Membership record cards showing all personal information, life assurance benefit, and estimated pension at normal retirement date are produced for issue to members. Records of paid up pensions granted to leavers are maintained on file.

Computer Management Group, Westway House, 320, Ruislip Road East, Greenford, Middx. UB6 9BW (01-578 4563).

● PERIPHERALS

Collection of data

FROM A business built up in the U.S. and UK aerospace field where aircraft such as the Harrier, Tornado and Jaguar have been equipped with necessarily reliable units ranging from signal conditioning modules to microprocessor-based data collection schemes, Base Ten of Aldershot is now moving into industrial data acquisition and control markets using techniques similarly based on pulse code modulation (PCM).

An interesting feature of the equipment is the use of a single amplifier which is rapidly switched over the 1024 analogue input channels and which can take on one of six gain and four offset settings by program instruction from an external computer or from the system's own programmer.

The system, which is called p-DAS, can accept up to 1024 analogue and up to 1500 digital event inputs, which may be sampled in any order and with any mix of analogue or digital.

Use of PCM in the acquisition process means that data can be recorded at very high byte packing densities on a tape recorder and, since the data is digitised it does not easily degrade and has a high signal to noise ratio. In addition, if the data needs to be sent by line or radio, high transmission rates are possible and at the receiver the data is easily retrieved in analogue form with a straightforward decoder.

More from the company at Unit 3, Lower Farnham Road, Aldershot, Hampshire GU12 4HV (0252 312911).

● HANDLING

Lifting in confined spaces

ALTHOUGH A roller chain lever pull hoist, made of high-tensile aluminium, is much lighter in weight than its competitors, it has proved its strength by being tested to 50 per cent overload before leaving the factory of Herbert Morris, PO Box 7, North Road, Loughborough, Leics. LE11 1RL (0509-63123).

Called the Levalift 116, it is offered for use in confined spaces because of its low headroom and short handle with an easy ratchet movement.

Other features include a one-piece enclosed design body which protects working parts from damage and the ingress of dirt, pre-lubricated chain, safety catches on all hooks and a wind-through which takes up or lets out slack chain using a finger wheel to provide precise hook positioning.

It is said to be the only roller chain pull hoist with a dual pull-through facility, giving it rapid chain extension in addition to the normal wind-through facility.

More industrial trucks

WHEN COVENTRY Climax acquired the Conveyancer fork truck business at Warrington and Kirkby from Rubery Owen last year, the acquisition gave the Coventry based company much needed manufacturing facilities, particularly for the bigger end of the counterbalanced truck range.

Now, to mark the first stage of rationalisation between the Climax and Conveyancer ranges, three ranges of industrial trucks have been introduced by Coventry Climax, Widdrington Road, Coventry CV1 4DX (0203-24100).

There are three electrical counterbalanced fork lift trucks with basic lifting capacities of 1.0 to 1.5 tonne, two mechanical counterbalanced fork lift trucks (each available with diesel, petrol or LPG fuelled engines) with basic lifting capacities of 2.0 and 2.5 tonne, and an adaptable reach truck of 2.0 tonne basic lifting capacity available in four different frame widths and with various duplex and triple mast options.

● PROCESSING

Bed-making problem

A COMPANY which makes beds has got a problem. How to produce a flock, which is used for padding, free of foreign matter such as metal and plastics from zip fasteners, buttons and so on.

The company produces its flock from rags, which include old *garments and these are washed* and then passed through a drying machine. From that point they are then "pre-opened" and the material passes through cyclones when some of the metal and plastics is extracted. The material is then blown on to "opening" machines and the resultant flock then baled. Despite the subsequent use of magnets, some metal remains, as do some of the plastics, and these foreign bodies damage machines during subsequent *manufacturing operations.* Apparently it is not practicable to cut off buttons and zips before the material is washed.

Any company which thinks it has the answer to the problem and is interested should get in touch with H. Parkinson, Unit 9, Roundwood Industrial Estate, *Ossett, Yorks, WF5 9SQ.*

● METALWORKING

Precise machining of cams

FIRST IN a new generation of precision cam milling machines *is to be presented to the UK* market at a seminar early in 1979 by the West German Fritz Kopp organisation, represented by Schiess-Froriep (UK).

Salient characteristic of the Type FK 31.3 CNC is high intrinsic rigidity to permit the full utilisation of carbide cutters for cam machining.

Maximum workpiece diameter *for machining* radial cams is 900 mm, axial cams 520 mm, and cam stroke 500 mm. Speeds are infinitely variable from 90 to *3000 rpm*, with main drive rating to 15 kW.

Although it is a cam milling machine, the design has the geometric accuracy, flexibility and freedom to permit substitution of a grinding head for the milling head. Consistent with this inherent accuracy, an additional machine is offered which incorporates both the milling head and the grinding head in one unit.

Cam contour dimensions are entered into the memory store of the control which calculates the tool centreline path. Operator programming is thus simplified, as the programme does not need *to be edited* when reground tools are used. Basic dimensions only are required for the control input. Feed rate, related to the tool centreline path, is entered directly in mm/minute, and remains constant. Peripheral feed rate is maximum at 600 mm/minute.

Schiess - Froriep, Stockwell House, New Buildings, Hinckley Leics. LE10 1HW. 0455 35651.

● COMPUTERS

UK design is ahead

PIONEERING EXTREMELY fast and powerful central processor put Computer Technology on the map as brave innovators some years ago, or long before its contemporaries began to contemplate such a move. But it was a small UK company preaching the latterly accepted gospel that the mini properly used could do all that big machines were doing, but at much lower cost, it failed to make headway for several years.

For the past four it has been in profit and in the current exercise should reach £4m on a £6m anticipated turnover.

It celebrated these anticipations yesterday by making the disclosure that a new machine it is now launching, and one released in May, are both of a completely new design.

This is one which it has apparently pursued in parallel with IBM for some years, since the 8040 now launched and the 8020, brought out earlier, both use several microcomputers to control a large number of functions which would otherwise have required considerable central processor time to achieve. Series 1 at IBM does something very similar. But the CTL machines are the only European ones to save on actual processing by using an average of 12 micros each.

The 8040 is in the £40,000 to £75,000 price bracket, competing strongly with IBM and ICL machines down market.

● Barnacles—The Sieglinde Marie, described on this page last Tuesday was built at Bideford Shipyards, Bideford, North Devon, for a private owner.

FINANCIAL TIMES SURVEY

Thursday September 28 1978

Individual Pensions

Alongside group pensions, many companies are giving thought nowadays to supplementary schemes for senior executives. The self-employed have of course always to make their own provisions for retirement. For both these categories a wide choice of methods has been developed by the life companies.

How the benefits work out

By Eric Short

PENSIONS ARE in the news again, with pensioners marching to Trafalgar Square last Sunday to demand an immediate increase in their weekly old-age pension. No longer, it seems, are the OAPs content to accept their inadequate weekly payment without demur.

At the other end of the scale directors and top company executives are also active in seeking better pension arrangements and paying more attention to their pension provision. But their motivation is somewhat different from that of the senior citizens. With personal tax levels at a high, almost penal rate, much more attention is having to be paid to fringe benefits in the overall remuneration package.

But the use of the better known fringe benefits, such as company cars and house loans, are coming more under the scrutiny of the Inland Revenue. Pension schemes, however, are far more tax-efficient than most other forms of fringe benefits and even more important, they have the blessing of the Revenue. It is not surprising that much more attention is being given to pension schemes for directors and top executives.

What are these tax advantages in operating an executive pension scheme, both for the individual and the company? In the first place, the pension ultimately payable is taxed as earned income. This in itself is a valuable concession compared with what happens if the executive endeavours himself to save towards his own pension. Yet the other concessions are much more valuable and in some life company literature, very little mention is made of the pension.

In particular, the facility to commute part of the pension for a lump sum completely free of all taxes is possibly more important than the pension itself. The amount of the lump sum depends on the years of service with the company and the limits, which are controlled by the Revenue, are set out in Table I. The maximum lump sum is one and a half the final annual salary, provided the executive has at least 20 years' service.

The scheme can pay a lump sum death-in-service benefit of up to four times the annual salary, irrespective of length of service. Because the payment of this sum is at the discretion of the trustees of the scheme, it is free of Capital Transfer Tax (CTT), subject to certain provisos. In addition a widow's pension and dependants' benefits can be paid.

So far as contributions to the scheme are concerned, the company can meet the whole of the cost, the payments being fully allowable against corporation tax. The executive concerned can pay some of the cost himself, up to 15 per cent of annual earnings, getting full tax relief on the outlay.

Thus the pension scheme represents a method of transferring profits from the company to the executive in a tax-efficient manner. It is far better for the executive to accept deferred remuneration in this manner than have it paid in salary.

Consider a company with eight executives which makes a profit of £100,000. It puts half the after-tax profit to reserves and distributes the remainder among the executives as dividends. Assuming that the income tax and investment income surcharge amount to 60 per cent, the net remuneration per director comes out as follows:

	£
Gross profit	100,000
Corporation Tax	52,000
Net profit	48,000
Transfer to Reserves	24,000
Dividends	24,000
Dividend per director	3,000
Net dividend per director	1,200

Now suppose the company pays £2,500 for each director into an executive pension scheme and distributes the rest as before. The net remuneration per director then comes out as follows:

	£
Gross profit	100,000
Less pension contributions	20,000
Corporation Tax	41,600
Net Profit	38,400
Transfer to Reserves	24,000
Dividends	14,400
Dividend per director	1,800
Net dividends per director.	720

Thus the net cost to the director is £480 a year. If the director is aged 55 and earning £15,000, then after ten years' payments he would receive at 65 a tax-free lump sum of £6,750 plus a pension of £3,938 a year—plus a payment, free of CTT of £60,000 should he die before age 65. (Quotation provided by Equitable Life.)

These concessions are very attractive but they are no more than are applicable to any company pension scheme arrangement. So why are the life companies marketing executive pension schemes in an aggressive manner, quite separately from the main company pension schemes? Why set up a separate scheme at all? The trade unions are very much opposed to any particular group within the company having separate arrangements.

The simple answer is that the main company pension scheme is far too rigid to accommodate the needs of executives. Often there is only one retirement date for the employee; his pension build-up does not allow for an acceleration of benefits for less than the maximum service. The revaluation of the value of the pension once it becomes payable is likely to be limited. The executives need is somewhat different.

The executive usually only serves a comparatively short period with the company. The Revenue allows a full two-thirds pension to be paid after only 10 years' service, with lower limits for shorter periods as shown in Table 2. The retirement of executives is flexible and the company may wish to inflation-proof pensions fully after retirement, or at least revalue them more frequently than in the main company scheme. It would be too expensive for the main scheme to provide full two-thirds pensions after 10 years that are revalued regularly. Hence the provision of a separate scheme scheme and the reason for the unions' complaint.

Some executives, especially in private family-controlled firms, either retire very late in life or do not retire at all. For many family businesses, the lump sum death benefit free of CTT is more valuable than the pension. However, the Revenue imposes a general limit of age 75 beyond which lump sum death-in-service benefits cannot be paid on a discretionary basis for directors controlling 20 per cent of the equity. But there are exceptions.

The final question to be faced by the company, having decided to go ahead, is which plan from which life company. The latest edition of Executive Pensions and Benefits, published by Fundex, lists over 70 plans and describes them in detail. The succeeding articles in this survey discuss the various types of scheme, including the most recent developments in self-administered plans.

TABLE 1
LUMP SUM COMMUTATION

Years of service	(proportion of final salary for each year)
1-8	3/80ths
9	30/80ths
10	36/80ths
11	42/80ths
12	48/80ths
13	54/80ths
14	63/80ths
15	72/80ths
16	81/80ths
17	90/80ths
18	99/80ths
19	108/80ths
20 or more	120/80ths

TABLE 2
EXECUTIVES PENSION

Years of service	(Maximum as proportion of final salary for each year)
1-5	1/60ths
6	8/60ths
7	16/60ths
8	24/60ths
9	32/60ths
10 or more	40/60ths

Traditional Executive Schemes

Two basic forms

MORE AND more interest is now being shown in the field of executive pensions and the volume of business taken on by the insurance companies over the past couple of years has risen considerably.

But the competition in the insurance world to secure a slice of this fast growing cake is naturally very hot. Not only do the types of contracts vary; there are a number of differences in future projections which can distort comparisons.

This in turn makes it more difficult for the company that is trying to calculate, to some degree of accuracy, its long-term pension liabilities. Naturally each company's needs differ and some, for example, desire more flexibility so that any sudden changes in either salary levels or profitability could quickly result in a similar adjustments to the pension provision.

The traditional life companies are basically marketing two forms of executive pension schemes. First there is the conventional with-profits scheme and secondly the deposit administration policy—but in both cases there are some variations in the actual products marketed.

It is easy to see why these executive pension schemes have gained in popularity. Following a lengthy period of wage restraint companies have been forced to seek other forms of fringe benefits to reward key personnel. While there are a number of ways of achieving this aim the executive pension seems to be one of the more effective.

Another factor behind the growth has been the advent of the State pension scheme. Many of the smaller companies have found the terms of contracting out onerous and have instead fallen back on individual pension schemes to top up the State scheme.

Because of the variations in the forms of contracts available it is worth taking a look at a few examples of both types of schemes to show what they are offering and how they differ and just what guarantee, if any, is given.

The deposit administration policy is basically a deposit account where regular contributions are credited to give both life cover and a cash sum on retirement which will be used to purchase benefits at the annuity rates then in force. The pension benefit may be purchased from the life office that has handled the deposit account or any other that may offer more advantageous rates.

Over the life of the policy interest is compounded at rates varying according to market conditions. Some life companies offer guarantees linked to the current level of mortgage rates while others just give a straight interest guarantee over a stipulated period. There is no limit to the amount a company can contribute to such a deposit scheme providing the benefits do not exceed the limits stipulated by the Inland Revenue. The maximum benefit is two thirds of the retiring wage providing that a ten-year service has been completed.

The limits imposed by the Revenue are based on present salary but may take account of reasonable estimates for future cost of living rises. If salary levels rise sharply in the meantime the company can at each annual renewal date increase the premiums to take account of the extra remuneration.

Needs

The National Provident Institution (NPI) offers a deposit administration policy through its Capital Pension Plan. This scheme offers the company the flexibility to meet each individuals needs. Payments made by companies under these schemes are allowed as a business expense against corporation tax or Schedule D, while for the member there is a tax-free capital sum and personal pension provided on retirement. The amount in the deposit account will also become payable if the member dies before retirement.

Under the NPI plan interest to be earned on the deposit account is guaranteed at 6 per cent for the first five years of the plan. But currently the NPI assumes a rate of interest at 9 per cent on all its quotations. But even this figure is below the actual rate of interest achieved of late. The figure was 10½ per cent at the end of last year and 11 per cent for the previous three years. While the portfolio is invested in a comprehensive spread of investments, such as equities, gilts and property, there must be a strong element of high yielding securities to give this sort of return.

Phoenix Assurance through its plan for the self-employed (including the executives) offers a rate of interest guaranteeds to be at least equivalent to the Building Societies Association's recommended mortgage rates. Both these levels of guarantees are clearly very conservative and should be comfortably obtained. This must instill some degree of confidence although it is noticeable that not all the life companies offer interest guarantees.

The with-profits schemes provide for a guaranteed sum assured which together with the accrued reversionary bonuses gives a lump sum which in the case of the eash funds can be used to obtain the best annuity rates avilable much the same as with the deposit accounts.

The level of premiums fluctuate from one life company to another depending on the projected level of bonuses and the annuity rates obtainable on maturity.

On a comparable benefits basis the lowest pension premiums quoted for the with-profits schemes are way below those offered through the deposit administration policies. This suggests that the life companies offering with-profit policies are taking a more optimistic view of future rates.

Tables recently compiled by Money Management show that yearly premiums to give a man, aged 44, earning £13.500 maximum benefits on a with-

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Unit-linked Executive Schemes

Full spectrum of funds

THERE ARE two schools of thought about unit-linked schemes for executive pensions. There are those advisors who say that linking something as important as a pension to an investment which cannot be guaranteed is foolhardy, and there are those who will extol the advantages of linking to maximise investment returns.

The more cautious advisors have a point. Investing a future pension in equities or property does have the danger that when the time comes to retire the investments may be at a low value. It is one thing to make a poor investment but quite another to make a poor one late in life when it is too late to repair the damage.

Of course most companies provide a spread of funds with switching facilities, which in theory can mean switching out of the equity market when it is buoyant into a completely safe investment. Some offer guaranteed returns so that in the last few years before retirement the investor can rest easy knowing that the capital values of his pension will stay intact.

This assumes that the individual will be able to spot the right time to switch.

Obviously there are opposite points of view on unit-linked schemes, and in truth many of them are entered into not with the view to pension benefits but as a way for the directors or top employees of a company to get money out the business (by deferred pay) in a tax-efficient way. Alternatively, the unit-linked scheme may be all part of capital transfer tax planning.

Most of the insurance companies run a full spectrum of funds. These usually include equity, property, fixed interest and a managed fund. Many also feature some form of guaranteed fund.

Each fund is divided into units and the pension contributions are used to buy units in the fund. Contributions can be made either annually or monthly in most cases. However, it is worth noting that monthly contributions often attract higher charges because of the extra work involved, or at least the minimum investment pro rata is much higher than yearly premiums.

Based

The allocation of units is normally based on the offer price at the valuation previous to receiving the premium.

Which fund to invest in is a matter of individual choice and depends upon the investment climate at the time. A lot of investors go for the managed funds, however. This gives them a wider spread and shifts the responsibility of deciding whether the pension should continue to be invested in equities or fixed interest or whatever. The managed fund is normally spread around all types of investment with any emphasis depending on the judgment of the managers.

In theory the managed fund will always underperform the best ones because of its mix; but it should always give an overall good return. Not surprisingly managed funds are often the most popular. Legal and General, for example, estimates that 60 per cent of the money coming in goes to the managed fund. The property funds are also popular at present.

Investors have the choice of switching between the funds to try and improve on their investment performance; the costs vary. Legal and General allows one free switch a year and anything else attracts a charge of ½ per cent of the amount switched. Lloyd's Life does not offer any free switching facilities but the charge is only ¼ per cent with a minimum charge of £25. The company points out that these terms are negotiable on large investments. Merchant Investors has the right to charge 1 per cent for switching but in practice it only charges ½ per cent. Abbey Life charges 1 per cent for a switch and Target charges £10.

Switching can be highly profitable but timing is of the essence, and often busy company directors or top employees lack the time to study the various markets and the right times to switch can be missed.

Most of the insurance companies stress the advantage of the switching facility. Combined with the various forms of guaranteed or cash funds the individual can make the most out of unit-linked. The one point with a pension fund is that it normally needs to come into force at a fixed date. No-one can guarantee that the fund will be at its peak value on that date. So the idea is that when the investor thinks that the market in which his particular pension fund is invested has peaked he switches out into a fund which guarantees values. Basically this normally means a money market fund or perhaps a fund which is invested in appropriate gilt-edged stocks.

Often the guaranteed funds will give a stated rate of return or the cash funds will reflect money market rates. Therefore if these funds are used wisely an investor can wait for a peak in his particular fund then switch into a guaranteed fund to maintain his assets. It sounds all very well in theory, but against timing is important.

Gilts

Take Lloyd's Life Guaranteed fund, for example. If the investor switches out of one of the other funds the guaranteed fund will return 11.4 per cent if held for 15 years, 10.7 per cent if held for ten years and 9.4 per cent for five years. The fund is invested in gilts.

Merchant Investors runs a fund invested in gilts with set returns. Abbey Life has two types of guaranteed funds—one where you can invest within five year off retirement at a fixed rate of interest with the underlying assets guaranteed, and the other where the level of income is guaranteed.

Unit-linked in the final analysis must represent more of a gamble than the traditional schemes where the insurance company credits bonuses which cannot be taken away. However, as the value of the unit-linked scheme reflects the performance of the underlying investments this should in theory outperform the traditional schemes where the insurance company would put some of the funds' profits into reserves.

In addition, because it specialises, the unit-linked scheme gives the investor the chance to beat the average fund well and truly. But it is up to him to get his investments and switching right.

The one drawback is that the market value of the fund at the date of retiring will determine the investor's financial state throughout retirement as the units are sold and the cash used to buy an annuity. The use of switching and the guaranteed or cash funds may enable the investor to overcome this drawback.

Overall unit-linked is for the man who does not mind having to be continually involved in the investing of his pension fund.

Terry Garrett

Self-administered Schemes

In-house gains

FOR YEARS many companies providing a pension scheme for employees have operated on the self-administered principle, doing everything "in-house"—especially administration and investment. Some very small funds have operated successfully managing their own funds. In contrast many large funds have preferred to use the services of a life company and have been prepared to pay the charges.

The accepted theory, however, has been that only the larger funds can justify the expense of setting up the necessary departments and employing the necessary investment expertise. There has been considerable debate within the pensions movement on the level at which a fund can be self-administered. But primarily it depends on the outlook of the company, whether it likes to be independent, whether it feels that it can do better itself at a lower cost, or whether it just cannot be bothered.

There is no reason why an executive scheme should not be run "in-house," managing its own investments and handling its own administration. Indeed, the concept of handling their own investments appeals to many owners of small family businesses. They hold the view, rightly or wrongly, of not trusting completely anyone else looking after their money which they have sweated for, no matter how expert the others are. Above all, they do not like paying out charges to others for investing their money. Not surprisingly this self-reliant attitude is prevalent in the Midlands and the North, especially Yorkshire.

However, the Superannuation Funds Office (SFO) of the Inland Revenue has adopted a cautious attitude towards small self-administered pension schemes, especially where the beneficiaries are a closely-knit group as with a family business. This stems from an old legal principle arising from the case of *Saunders v Vautier (1841)*.

This sets out that if every possible beneficiary under a trust comes together and none of them is under what is termed a disability, such as infancy, then they have the right to require the trustee to terminate the trust and distribute the property (that is the assets) in accordance with their directions.

Company pension schemes are set up under a trust and the SFO has some apprehension that the main members of a pension scheme would be able to arrange for the assets of the fund, which have been built up on a tax exempt basis, would be distributed in lump sum form. Consider the tax avoidance possibilities such a situation provides. In view of some of the schemes put forward, the SFO has good cause to feel some apprehension.

But the SFO does not simply ban small schemes from getting its approval, thereby throwing out the baby with the bathwater. It insists, however, that where small schemes do seek approval, the trustees must include what is described as a "pensioner trustee." This is a person or body widely involved with occupational pension schemes and has the approval of the SFO. The definition of a small scheme is one with less than 12 members.

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Traditional

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profits scheme can be as low as £750-£760 without any terminal bonus. The average figure tends to be between £800 to £900. But for the deposit administration policy at current interest rates, the average figure is nearer £1,000 with only two below £800.

At Scottish Provident, where the premiums are right in the middle of the average range, the last interim bonus was 6 per cent against 6.4 per cent compounded for 1975-77. While they guarantee the annuity rate at a very conservative 6 per cent or so, the current projection on a 20-year policy is nearer 14 per cent.

Bonus rates obviously vary but it is often difficult to make direct comparisons since each may be calculating their rates on inconsistent cash amounts. Nevertheless it has been estimated that the life companies need to earn a rate of interest in the region of 10½ to 11½ per cent to maintain indefinitely the current rate of bonuses. In some cases the rate of interest needed to be earned is even higher.

Clearly while the control of management costs and an aggressive investment policy can count for much there is a feeling that bonus level may have to be lowered. But a careful study of the policy and the investment track record should eliminate most of the obvious pitfalls.

David Wright

Self-employed Plans

Tax-efficient ways

THE NEW State pension scheme, which provides earnings-related pensions for all employed persons, came into operation this April with a flourish of trumpets. It represented an important milestone in the history of social security in the UK. But as far as the self-employed were concerned, the new scheme did precisely nothing for them in providing higher pensions.

Under this new scheme the self-employed still only receive a flat-rate pension amounting at present to £17.50 per week for a single person and £28 per week for a married couple. These amounts are being increased to £19.50 and £31.20 respectively in the next annual uprating in November.

The late Brian O'Malley, who as Minister of State for Social Security was mainly responsible for this new scheme, asked the Department of Health and Social Security to investigate the feasibility of providing earnings-related pensions for the self-employed. But nothing ever emerged and it would appear that no attempt is going to be made to bring the self-employed into an earnings-related scheme.

However, the Class 2 and Class 4 contributions rates paid by the self-employed were reduced from April, in line with the contribution reduction for Class 1 in respect of employed persons contracted-out of the new State scheme.

Thus the self-employed, if they want to retire on a decent pension, have to do what they have always done—save up for it. But if they try to build up their own portfolio, they will find the Inland Revenue very much against them.

To start with, the money put aside for investment has to come out of taxed income. Then the investment income is taxed as unearned income with investment surcharge on top. Finally, when the assets are realised, capital gains tax will apply.

But all is not lost. The self-employed can provide their own pension in a tax-efficient manner, with the approval of the Revenue, through a personal pension plan issued by a life company. In fact one does not necessarily have to be self-employed to participate in such a scheme. It is available to anyone who is not in pensionable employment— i.e., anyone who is not a member of a company pension scheme.

If an eligible investor takes out such a policy, then the contributions attract tax relief at the top rate applicable to that individual. Thus if the top rate of tax being paid is 50 per cent, each £100 of contribution effectively costs £50. The higher the tax rate, the lower the net cost. The limits imposed on contributions for this relief are 15 per cent of annual earnings up to a maximum of £3,000. There are higher limits for persons born in 1918 or earlier. But any shortfall in one year can be carried forward.

Next, the life company invests these contributions in funds that are tax-exempt, thus ensuring a gross roll-up of investment income.

Finally, the benefits paid are treated generously as regards tax. Pensions are taxed as earned income and there is complete flexibility as to the time the pension becomes payable. The investor can start drawing the pension at any time between age 60 and 75, both dates inclusive, and he does not have to stop work in order to be able to receive the pension payments.

A very attractive benefit is the lump sum that can be taken at the time the pension starts. The investor can commute up to approximately one-quarter of his pension for a completely tax-free lump sum.

Under personal pension plans, there is much more emphasis placed on the pension, with little attention being paid to the death-in-service lump sum benefit. This is usually only a return of contributions, with or without interest. The other major difference compared with executive pension schemes is that the ultimate amount of pension paid under most plans depends very much on the underlying investment performance achieved by the life company.

But with many self-employed the early years are spent building up the business or getting established and there is little or no cash available for pensions. It is only when the investor is older that he or she can make sizeable contributions. Then the Revenue limits come into operation and the investor cannot make up for earlier years. This is in contrast with executive schemes, where the company can pay higher contributions to ensure a full pension based on salary at retirement.

Then there is one major drawback in personal pension plans. The investor cannot touch the money until he starts drawing the pension, nor can he use the contract as security for a loan. These particular assets are effectively locked away until retirement. This is the price to be paid for tax concessions. But for some self-employed, to whom the availability of assets is of prime importance, this is a serious drawback.

When the investor comes to take out a plan he is offered a plethora of contracts from numerous life companies and he is offered a choice over the method of paying the contributions.

To start with, the self-employed can pay the premiums on a regular basis—annual or monthly—or they can make single premiums on separate contracts. Annual premium payments impose a financial discipline on the investor to put something aside regularly for the pension. But many self-employed are in occupations where earnings fluctuate considerably from year to year. Single premium contracts would be more suitable in such cases, although the form of annual premium contracts allows for variation in payments. But with an annual premium plan the investor is tied to one life company. With single premium plans he can get more flexibility in the choice of life companies, type of contract and the timing of taking the pension. He can have several contracts and start drawing the pension bit by bit.

There are a variety of traditional schemes available—one where the pension is completely guaranteed, one where the build-up of the fund is at a rate of interest linked to building society mortgage rates, and a with-profits scheme where there is a minimum rate of interest accredited, plus a further bonus rate dependent on the investment performance of the underlying fund. Under all these contracts, however, the value of the accumulated fund increases steadily.

Alternatively, the contract can be linked to a fund on the unitised principle. The contributions are used to buy units in the fund and the units are valued according to the value of the underlying assets. Thus although the general movement of the accumulated fund is upwards, there will be fluctuation in value according to market movements. There are a variety of different funds from which to choose—equity both UK and overseas, property, fixed-interest, cash or a managed fund which is a mix of all these elements.

The traditional contracts are thus safe steady investment vehicles, while the unit-linked plans are more high risk, high reward contracts. Which to choose depends very much on the temperament of the investor.

Eric Short

Self-administered

CONTINUED FROM PREVIOUS PAGE

The pensioner trustee has to give an undertaking that he will not consent to any termination of the scheme of which he is a trustee other than in accordance with the approved terms of the winding-up rule contained in the trust deed. Where there is more than one trustee then the trust deed has to make it clear that the usual provision for decisions to be taken by a majority is excluded at least as far as winding-up is concerned.

There are, however, more practical problems concerning "in-house" pensions schemes. The risk of an early death of one of the executives and of paying the lump sum death-in-service benefit is greater than the risk of winding-up. The SFO advise that these benefits should be insured from outset insofar as they exceed the value of the employee's interest in the fund based on his accrued pension and other retirement benefits. The SFO also advises that when the pension becomes payable, it should be secured by purchasing an annuity from a life company.

The major attraction of "in-house" is that the directors can make their own investment decisions, because the SFO state that no special restriction on investment powers is necessary. Thus directors can invest the fund's asset back in the company, which opens the way to all kinds of possibilities denied to an insured scheme. The pension fund can invest in assets held by the company, by way of sale and lease back of land and buildings, for example; it can invest in the equity of the company, it can make temporary loans to the company. It can use the pension fund assets to expand the business in a variety of ways. The possibilities are endless.

For a large quoted public company, these advantages are marginal. But for the smaller, family-controlled private company they are literally invaluable. Pension schemes are a constant drain on a company finances, and anyone using an insured scheme has to reconcile himself to the fact that the money is locked away forever. But with an "in-house" scheme self-investment can return the pension money to the company, thereby boosting cash flow.

Then there are the tax advantages to this form of self investment. The pension fund is a continuing entity, so if the company's assets are transferred to the pension scheme there is no Capital Transfer Tax liability on the death of one of the family directors. If the pension scheme has been going for some years, it is quite possible that its size might be on a par with the value of the company. Similarly the pension scheme can control the company by gradually acquiring the shares from the family. The control of the company passes from the directors to the trustees, but these will, effectively, be the same people. And all this is with the approval of the revenue.

Well, not quite. To prevent a complete tax avoidance bonanza, the SFO in its practice notes, states that it will look adversely at any scheme where the whole or greater part of the company's contributions are lent back to the company. It warns that the pension scheme accounts will be examined periodically and the question of approval reconsidered if such a situation is discovered to have developed. A limit of 45 per cent of the fund is the unofficial guideline for self-investment.

Then there are the checks put on by the pensioner trustee himself and the actuary to the fund. Since it is a self-administered fund, then it needs an actuary's report to establish the funding rate and the SFO insist that the fund has an actuarial valuation made at least once every three years. The actuary is governed by his professional responsibilities in his dealing with the fund. His funding rate will depend on his professional judgment of the suitability of the assets to meet the liabilities.

Properly used, the self-administered executive pension scheme can be of vital use to the executives and to the company. For instance, recently a farmer operating such a scheme was able to outbid the institutions for agricultural land using his pension scheme. But the SFO is likely to take drastic action against anyone overstepping the marks it has indicated.

E.S.

Problems of Planning

Element of market risk

If you work for yourself, have no fat pension to support your declining years, and find that the question of income in retirement is starting to nag at the edges of your consciousness, then half an hour's quiet contemplation of the virtues of the self-employed pension scheme is overdue. For one thing it will ease your troubled mind. For another, it will convince you that the self-employed pension scheme is a very good idea indeed.

Unlike the common or garden pension scheme (State or private), which requires cold towels around the brow and access to an abacus for proper comprehension, sorting out the self-employed pension scheme is simplicity itself. All you need to know is what you can afford to set aside each year—you don't need to be able to set aside the same amount each year.

It is a good idea to have some form of regular commitment, however, otherwise the requirements of future years will all but inevitably give way to this year's leaking roof or crumpled car. But if you happen to be a poor poet or affluent pop singer, with an income which veers between the sublime and the ridiculous, do not despair: it is quite possible to make your arrangements year-by-year.

The point to be borne in mind is simply that your contributions in any one tax year must not exceed £3,000, or 15 per cent of your "net relevant income," which ever is the smaller, because you will not be able to claim tax relief on the extra payments. "Net relevant income" is Inland Revenue jargon for income less certain deductions like expenses and trading losses. The limits are higher if you are getting on a bit already, £3,600 if you were born in 1914 or 1915, rising by stages to £6,000 if you were born in 1907 or earlier. The limits are lower if you are only partially self-employed, to the extent that your are getting a "pensionable salary" from someone else.

How you arrange your contributions is, however, entirely up to you. If you have a nice solid reliable income from your business, trade or profession, and the only question to be answered, year by year, is by how much it is going to increase, then you might choose to spend your full allocation in buying annual premium policies, thereby committing yourself in advance to a given level of payments, and relieving yourself of the necessity of annual decisions. If, on the other hand, your income fluctuates, you had probably better not commit yourself to anything, in that case spend your allocation on single premium policies.

Most people find themselves somewhere between these two extremes. They can commit themselves to a certain level of contributions, and may or may not be able to top them up as the fortunes of the year dictate. In that case the business should be split. What you know you will be able to go on saving can be put into annual premium policies, and you can top up out of the top level of your income by buying single premium policies.

Emotions

Having got so far you are approaching the stage at which you can go and find yourself a good specialist life assurance broker who will be able to direct you to the policies to choose. But before you do that there is one more matter to be cleared up: that is the question of whether you are going to go for traditional or unit-linked policies. It is a matter which evokes strong emotions in the normally sedate world of the insurance brokers, so it is as well to sort out your own ideas on the subject before you go and talk to anyone.

The essential difference between the two is this. With the traditional policy—with or without-profits—you know what you are going to get: you know the minimum, at any rate. With a unit-linked policy you do not. The capital sum accumulated at the moment you decide on retirement, and therefore the annuity to which you are entitled, will depend entirely on the state of the market in which your units are invested at the time. And if the market happens to be flat on its back, you are going to suffer.

Now the proponents of the traditional policy say that the unit-linked alternative is, for this reason, just too dangerous for anyone with a mind on retirement at a specific date. The proponents of the unit-linked policy say, in contrast, that the nice smooth bonus record presented by the traditional companies has been achieved by dint of smoothing out performance—to the advantage of policyholders who happen to retire in years when investment markets have been performing badly but to the detriment of those who retire when things are buoyant. So far as you are concerned, the question to be answered, in deciding on unit-linked or not, is to what extent you feel like living dangerously.

Of course there is no reason to devote the whole of your contributions to the one or the other: in fact you will probably find that your broker recommends a mixture of the two. Richard Cockcroft, at Towry Law, is probably typical in suggesting that a man of 45, with most of his family commitments out of the way, might well split his annual premium business between traditional and unit-linked policies, and top up out of the latter. But be warned. Some brokers are adamantly opposed to unit-linked business and you might even find you will have to take your business elsewhere if that is what you want.

Almost everyone, including the linked offices themselves, agrees that anyone within a decade of retirement should consider switching from the high-risk, high-reward policies—equity-linked policies in particular—into something a little more certain and sedate—a fixed interest-linked policy, for example. You may miss the best of the boom that way, but at least you will not be prevented from retiring by the worst of the bust. So it's absolutely vital, if you choose to put an element of your contributions into unit-linked policies, to ensure that there are switching facilities avalable.

Approach

Once you have decided, however roughly, on what proportion of your income you can afford to devote to annual premium policies, and whether or not you are interested in the unit-linked alternative, you should approach a broker for advice on the best policies available. Quite probably, in fact, he will have approached you. Like life assurance policies, self-employed pension business is sold not bought. This is regrettable, because the tax advantages attached to them are so great as to make them—almost irrespective of the fund managers' performance—one of the best investments there is. However, it is the fund managers' performance that the broker ought to be able to advise you on, that and terms and rates.

Be suspicious of the broker who tries to get you to commit too high a proportion of your contributions to annual premium policies. It may mean that he is after the commission, which comes in faster on this type of policy. By the same token, however, he would not be doing his job if he didn't try to get you to go in for some form of firm commitment. After all, you're much more likely to keep that up. You do need a specialist life assurance broker to advise you on this investment, and that probably means you will need to go to one of the bigger broking firms.

Do not put the decision off in the belief that you will be able to live off the proceeds of the business when you retire. It never works like that. And, however convinced you are that you will be happy to carry on until you drop, remember that it will not do you any harm to have some money set aside. You don't, after all, have to take your pension under a self-employed scheme until you are 75—and by then it is at least possible that you will have changed your mind.

Adrienne Gleeson

Traditional for Self-employed

Advantages not always that readily recognised

TAX CONCESSIONS being what they are, it is surprising that so many of the country's 2m self-employed do not seem to be clued up about pensions.

There are still a very large number of people in the market place who, if they realised the advantages, might well take out a traditional with-profits scheme.

Assume

The latest figures from the Life Office's Association show that during 1977 209,000 new policies were written in this type of business. These brought the total to over 1m and, including those policies taken out in the interim, it seems safe to assume that almost half those eligible have not exercised their rights.

A recent survey by the old Slater Walker Insurance company, Providence Capitol Life, further demonstrated the degree of misunderstanding among small company directors and the successful self-employed.

Only 24 per cent of those interviewed considered pensions the most tax-effective form of investment—life assurance led the way here—although life assurance premiums only qualify for tax relief of 50 per cent of the basic rate while pension contributions qualify for relief in full.

Meanwhile, only 11 per cent of the sample felt pensions are the most secure form of saving—a response which does not seem to discount the significant guarantees provided by most traditional policies.

Security is in fact one of the hallmarks of a traditional with-profits policy. The potential benefits of a unit-linked scheme may well be greater, but if the market goes through the floor the individual alone will largely be left to pick up the pieces.

Around 50 life offices currently offer a with-profits policy for the self-employed—the choice is therefore wide but the individual complexities considerable.

There are two basic traditional pension concepts, both of which are available from a large number of offices.

The most common is the deferred annuity policy. This provides a guaranteed basic annual pension (i.e., the annuity) which is quoted by the insurance company. This figure will probably seem low, but it is immutable, and, come what may, will be paid every year after retirement.

On top of this, policyholders qualify for two increments—the reversionary and the vesting bonus. A reversionary bonus is declared on a regular basis, every one, two or three years, for example—and reflects the company's past investment success.

The bonuses accumulate throughout the ter mof the pension and are added to the basic annuity. Finally a vesting bonus (a lump sum payable when the pension starts makes up the difference between current annuity rates and those prevailing at the time the policy was taken out.

Flexibility

The second concept is the cash accumulation pension. This is gradually becoming more popular with insurance companies because of its greater flexibility.

The basic annuity is sometimes guaranteed, but interest on the premiums is rolled up and at retirement the policyholder receives a lump sum, part of which can be taken tax-free in cash while the rest is applied to buy an annuity at the going rates.

Using National Provident Institute's (NPI) rates to demonstrate the deferred annuity concept, a male aged 40 next birthday who pays an annual premium of £1,000 is guaranteed £2,870 basic pension after retirement at 65.

On top of this, reversionary bonuses of £10,187 are added to the basic annuity plus a further £4,570 vesting bonus making a total pension of £17,627. The current reversionary bonus is £6 per cent per annum while the quoted vesting rate is 35 per cent of the accumulated reversionary bonuses.

NPI, incidentally, is currently working out new quotations based on cash accumulation which wil be available shortly.

One of the simplest, though surprisingly most recently developed cash accumulation schemes, is linked to the building society borrowing rate, currently 10 per cent.

Phoenix Assurance is one of the leaders in this field. Although there is no guaranteed basic annuity, interest is credited to a policyholder's account and rolled over each month at least in line with the current building society mortgage rate. In a period of high interest rates this can be extremely attractive.

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INDIVIDUAL PENSIONS V

Unit-linked for the Self-employed

Conflicting views among brokers

IF YOU are engaged in running a successful business of your own, the chances are that you are having so much fun that the thought of retirement has never even occurred to you. But it will—sooner or later. Should it occur sooner rather than later, you might get some fun out of making provision for it too. The provision that you make through contributions to a self-employed pension scheme is going to grow pretty rapidly anyway, thanks to the tax advantages such schemes enjoy. But if you choose a unit-linked scheme and run it well, then your money will increase more rapidly still.

Of course there is a catch. The operative words are "run well" and there are plenty of brokers around who will swear that those who put their money into unit-linked pension schemes never bother to run them at all. A unit-linked scheme ill-run—or not run at all—can be a disastrously bad investment. So maybe we ought to listen to one or two of their opponents before we consider how to secure their advantages.

Take Barry Squires, the life and pensions partner of the provincial brokers Martin Hale. "We've never sold a unit-linked policy," he says. "They're too dangerous if you're saving for retirement because the value fluctuates so much. You might have to wait five years for the value of your units to recover—and you couldn't retire in the meantime." The only circumstances under which he would consider recommending them, he says, is if a client already has large amounts going into conventional policies. "Then I might suggest that an extra £200-£300 a year should go into unit-linked."

Vigour

His attitude is really quite moderate in comparison with the vigour with which Simon Batt of Willis Faber opposes the whole idea. "There's too much wishful thinking over unit-linked business," he says. "You should never put your money into unit-linked pensions if the date at which you plan to retire is important—and most of our clients have a very clear idea of when they plan to give up the business. What would you do if you were in a linked scheme and the date of your retirement coincided with a period like 1974?

"It's all very well saying that you could put the date back; but supposing you couldn't? You *might* be *ill*: anything might happen. And it's all very well to say that you can switch from one fund to another—from equity to fixed interest or cash. But who's going to tell the client what switches to make? It's no part of our responsibility to advise on his investments."

So say the opponents of unit-linked retirement schemes. And indeed there is a certain amount of sense in their approach. The value of any unit-linked investment is inevitably going to fluctuate much more sharply than that of the conventional policy: and there is not (as there is with both with and without-profit endowment policies) any form of underlying guarantee. On the other hand, however, you do not have to pay for that underlying guarantee. The value of your investment at the top of the market is not going to be diminished by internal decisions to put a little by for leaner times.

If above all you want to be certain that your investment is safe, the unit-linked self-employed pension policy is not for you—no matter how modest the swings in the value of the underlying investment or how wide the spread of investments which the fund's managers have chosen. If we take that as a starting point the obvious question is just how important safety should be to you.

The nearer you come to the date of your retirement, the more important it becomes. The linked-life offices themselves accept that this is a reasonable approach, which is why we have people like Paul Woolhouse at Lloyd's Life saying that anyone within a decade of the date at which he anticipates retiring should consider switching out of the more volatile funds, at a favourable opportunity, and putting the money into a fund like fixed interest or cash, where the risks are rather lower.

Should you then happen to be within a decade of retirement and in process of waking up to the unpalatable fact that you have not done anything about it, do not rush to put your permitted contributions into an equity or property-linked fund in the belief that with a little luck it will enable you to make up for the years of neglect. Like putting a bet on the horses when you desperately need a win, it will all but certainly turn out to be a loser.

No, the time at which you should consider putting your money into some form of unit-linked scheme is when retirement is little more than a distant cloud on the horizon. That way you can afford to sit out the inevitable ups and downs with a certain amount of *sang froid*. It will undoubtedly help you to keep cool, too, if you split your contributions, putting at least a part of them into conventional policies so that you can be certain of some sort of income base.

What form of unit-linked policy you choose is partly a matter of circumstances at the time, and partly a matter of your own temperament. It has to be said that most people choose to put their money into managed funds, and then—however greatly they value the switching options when they're actually making their decision to buy—tend to leave their money there indefinately. Well, all things being equal—and they will not be. The quality of the fund management will, for one thing, undoubtedly vary—on average that policy ought to leave them slightly better off than they would have been in a conventional policy (because there is no guarantee to be paid for). However, if you are going to put a part of your pension savings into unit-linked funds, then switching it between the more specialised vehicles ought to produce a rather better result.

Essentially you are likely to be offered up to five funds from which to choose — equity (wholly invested in shares); fixed interest (wholly invested in fixed interest securities); property; managed (some combination of the three preceding); and cash (this is the safest variety of fund, and is really designed for those final few months when you really do not want to put any of your gains at risk). As a general rule equities and property will provide the better hedge against inflation over the longer term, which is what ought to be worrying you if you are planning to continue your contributions over two or three decades. However, the tax structure of self-employed pension funds is such that a fixed interest fund—particularly if interest rates are relatively high at the start of the period—could turn out to be a better bet.

Rolls

The great objection to the private individual endeavouring to build up capital through investing in some form of fixed interest deposit—a building society account, for instance—and reinvesting the income, is that that income is going to be taxed. All the income accruing to a self-employed pension fund, however, rolls up entirely free of tax. If you happen to make your investment (by way of a single premium policy, say) at a moment when interest rates are high, the cumulative effect of that tax-free roll-up can be dramatic.

On the shorter run the tactics to be adopted are exactly the same as those applying to investment in general: notably that it is a good idea to switch into the fixed interest fund if it appears that interest rates are too high to be sustained over anything but the short term, and that it is a good idea to switch out of the equity fund (preferably into cash) if you think that the stock market is about to take a drubbing. It is possible, of course, that you don't *feel* capable of making those decisions anyway, in which case the managed fund is the answer. But even if you intend to put your money there and leave it there, do not neglect to check that you have a switching option. In the past five years of your policies you will be glad of it.

A.G.

Advantages

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Assuming a mortgage rate of per cent and the repayment premiums *with* interest in e event of death before tirement, a man of 45 paying premium of £500 per annum n expect a lump sum of 5,160 at 65. Assuming he oes not exercise his right to a x-free cash sum, he can then y an annuity of £3,717 per num. Applying the same contions but assuming a ortgage rate of 11 per cent the tal pension account is £31,585 d the annuity £4,668.

Comparative studies are aught with difficulties because the enormous discrepancies tween schemes. Future prоections are obviously part uesswork but past performance a reasonable guide.

According to a survey in the agazine Planned Savings hich looked at 22 deferred nuity schemes from 22 offices, e best performer over a year period was Equitable fe.

A male aged 65 who had paid annual £500 premium since 58 received an adjusted 202 annuity from this office May 1 this year. On its own justed basis, according to anned Savings, the best office id out 90 per cent more than worst—which, if nothing e, is an indication of the portance of studying the tions.

Virtually all offices guarantee yment of the pension for five ars after vesting (i.e., if you e during this period) but their proach to death before retirent is by no means the same. All will return the premiums t the additional compound erest rate ranges from thing to more than 6 per cent. early, these differences will reflected in the value of the imate pension.

Further variables include the mber of premiums required a long-term contract and the quency of payment after ting by the insurance comy.

t should also be noted that re are limits to the amount individual can spend on viding for his retirement t egg. For most self-ployed the ceiling is £3,000 15 per cent of net relevant nings but anyone born ore 1916 is entitled to more. The tax advantages are erous. Premiums are comtely exempt from tax (even the top rate) and the life company's pension fund (the invested premiums) is also virtually all free of taxes, including capital gains tax.

When a policyholder reaches retirement the option (with Inland Revenue blessing) to take a tax-free lump sum as well as the pension is also available. The maximum permitted is three times the amount of the annual pension produced by the remainder of a cash accumulation type account.

A 65-year-old male, for example, who has paid annual premiums of £1,000 for 25 years to Sun Alliance can (at present rates) take a lump sum of £39,804 and a reduced pension of £13,268 (£17,573 if no cash taken). These figures assume premiums repaid with 5 per cent interest in the event of death before retirement.

Shopping

One of the most recent developments in the self-employed pensions field—though still under consideration at the Revenue—is the shopping option. This will mean that on the day of vesting policyholders will be able to take their accumulated pension account to the highest bidder.

In other words, if prevailing annuity rates are more attractive at another life office it will be possible to transfer the cash and buy a pension there.

At present, Phoenix allows its customers 95 per cent of the best annuity rates among 20 of its top rivals. Most companies are waiting for a Revenue ruling but many have publicly stated their intention to provide option facilities.

The shopping option is currently permitted for company pension schemes where trustees ensure that the accumulated cash is used to buy an annuity. The possibility of individuals running away with large tax-free lump sums is thought to be one of the Revenue's main worries.

Another problem is how traditional deferred schemes which assume an in-house annuity will fit into the picture.

Another development which some self-employed may wish to consider is the gradual retirement plan. In this field Scottish Amicable's Flexipension has been one of the most successful. Each £50 of premium effectively buys separate policies, which all then mature on different dates. This is particularly suitable for anyone whose earnings will decrease relatively slowly rather than suddenly come to a halt.

At the end of the day it is a company's investment performance which dictates the size of a policyholder's pension. The basic guarantee is certainly a source of comfort but it is usually well below the total annuity ultimately paid out.

Companies are generally reluctant to reveal their investment spread, hiding behind the shield of a large fund which combines both their pensions and life assurance business.

A high proportion of assets, however, is generally in gilts to match the company's guaranteed commitments. For example, NPI's £342m fund (pensions and life assurance) is 49 per cent in gilts and fixed interest, 12 per cent in property and 39 per cent in equities.

The equities and property content of a fund is clearly of great importance to a prospective policyholder. For instance, a high guaranteed annuity means (because this has to be matched by fixed interest investments) there is not always scope for a company to earn healthy bonuses.

Life company funds are getting bigger and bigger. There is surely a case for hiving off the pensions side (it is after all treated differently for tax) and giving a more detailed breakdown of the smaller portfolio.

Tim Dickson

LOMBARD

The dangers of convergence

BY ANTHONY HARRIS

"DARLINGS, do *look* at the pretty icebergs!" One can readily imagine some such remark from one of the lady passengers on the Titanic: but one cannot so easily imagine her saying it a second time if she had survived to make another crossing. Our Finance Ministers, on the other hand, seem to have shorter memories: or else they are still unaware of what it was they collectively hit five years ago. Not an oil tanker, but an iceberg. In convoy.

Celebration

In other words, the simple-minded celebration of what is called "convergence" reported from the IMF meeting in Washington is more than a little disturbing. It suggests that the *IMF is collectively returning to* its old mental habits—the habit of thinking that the balance of payments problem is the central one it has to wrestle with. The truth is the exact opposite: the IMF was set up by its founders to *prevent* surpluses and deficits from being a problem, because the founders were wise enough to know that these imbalances are not a problem but a solution. The problem that is avoided is the very one whose return the assembled Ministers are now celebrating. Cyclical convergence is the problem, and if the cycles that converge are strong enough it can be very near fatal.

The argument is so simple that it should hardly need stating—which is perhaps why it has been forgotten. Imagine an economy which, through over-enthusiastic management or a simple excess of animal spirits, gets into a boom in which demand rises faster than supply can respond. It is after all a pretty frequent occurrence, even in this sluggish country. If it is a closed economy, the result will simply be inflationary: but if goods are available from overseas, and import finance is also available, then demand can be satisfied until its growth is checked quite naturally by over-extended credit.

Equally, a country in recession, if it is a closed economy, will spin downwards, failing a dose of successful Keynesian management. If another country offers a booming market, however, goods will simply be diverted from the home to the export market until confidence and demand revive. The ability to finance these swings is a major stabilising force in the world: that is why the *IMF was established* to finance them.

Of course, this system is much easier to set out in theory than to run in practice, like every other system of economic management. The difficulty is to distinguish between cyclical swings in the balance of payments which ought to be financed for the general good, and what the Articles call "fundamental disequilibrium." If there were no movements of private capital in the world, there would be no great problem: a country would be in disequilibrium if it tended to be in deficit even in recessions, or in surplus even in booms.

However, once capital gets on the move, the definitions get blurred. If a strong economy claims that it needs a surplus to finance its capital exports, a weaker country will accuse it of economic imperialism. If a reserve currency country claims that its deficit is a public service needed to finance trade, others will accuse it of financing imperialism with borrowed funds. The whole question, in short, gets more than a little fraught.

If you take further account of the fact that only countries which are short of reserves ever need to go to the IMF for help, you can see why the practice of the 1950s and 1960s became more and more unlike the benevolent theory. In the end the IMF had so far forgotten its basic principles that its annual reports spoke of the "problem of cyclical divergence," simply because by this time it tended to worry about any deficit anywhere from any cause.

For a decade or so, then, the officials of the IMF jumped hard on any weak economy which had the impertinence to get into an upswing out of step. By the early 1970s they had managed to provoke the very kind of crisis which their activities were meant to prevent: a fully co-ordinated worldwide boom. The world, as Dr. Fritz Machlup once pointed out, is a closed economy, and the result was predictable, a worldwide demand inflation, followed by a worldwide slump.

Oil prices

Unfortunately there was one twist in the plot which may have misled the Finance Ministers. OPEC decided to take advantage of a worldwide boom to raise oil prices—first in small steps and then, after they had got away with an embargo, in a very large one. Some observers concluded that OPEC caused all the trouble—even, perhaps, the vast rise in mineral and food prices. The fact is, of course, that we would have suffered inflation and slump if OPEC had never been organised. The story would not have been quite so dramatic, but its moral would have been more obvious.

As it is, the Ministers are talking as if they had learned nothing. Fortunately they are not only wrong in their reasoning, but wrong about the facts: the world's economies are not converging, but *simply passing in* opposite directions. It is a bit frightening, though, to think that our salvation lies only in the fact that ministers don't know what is going on. Someone might tell them.

My learned friends the computers

IN A FRANTIC effort to adapt rules evolved on the village green to the needs of a society—where not only production and consumption but also leisure, education, the Health Service and the attainment (by *means of tranquilisers*) of happiness are industrialised—legislatures and courts are churning out a flood of statutes and decisions. Moreover, the simultaneous progress of the internationalisation of business makes it necessary to know today's rules of more countries than one's own. The only defence against this consequence of *the industrialisation and* internationalisation of our lives seems to be also to industrialise and internationalise the provision of legal information. How? With the help of a thinking machine: several computerised systems of legal information exist in Europe today, but none of them has international scope.

A Society for Computers and Law sprang to life in England and is busy considering various systems of legal information retrieval which could serve British lawyers and businessmen. This society by no means emerged too early. Of the estimated 1m legal documents stored in computerised retrieval systems operating in the European Community, the British share is only 0.4 per cent. The Community accounts for 3.8 per cent. Belgium for 3.9, Germany for 6.7, France for 32.6 and Italy for 52.5 per cent. Cynics could say that the greater the respect for law, the less you want to know about it to avoid any feelings of guilt—but it may be only that the practice of law in England is still considered more an art than a skill based on the knowledge of hard facts. And there is a special reason for the popularity of the Italian system which will be revealed later.

A number of legal information retrieval systems operate in Europe as public, private or mixed ventures but one should not jump to the conclusion that computers have already taken over in the field of legal documentation. Electronic systems are still only an aid to conventional legal research and one can expect that, because of human initiative in the role of legal practice, machines will never be able to do the job alone. However, a turning point seems to have been reached. It is now widely accepted that completeness of information about a particular legal issue can hardly be aspired to without an automated retrieval system. A no less important consideration is that if the lawyer is to be left with any time to think, someone or something else must do the searches for him.

Most of the systems now in operation store only bibliographical data or abstracts of documents, but the trend seems to be towards the storing of complete documents. This is understandable for two reasons. First, the users of the retrieval systems are usually in a hurry and their purpose is not served if—after obtaining a list of references from the retrieval system — they have to turn to several other sources (courts, libraries, publishers, government publication offices) for the relevant documents. The second advantage of storing complete documents in the memories of retrieval systems, or in attached microfiche stores, is the possibility of providing the customer with only the relevant part of a legislative or judicial document or of a quotation from an authoritative textbook. This saves purchasing and mailing costs and helps avoid cluttering desks and filing systems with unwanted bulky publications.

Most systems are serviced by specialists — lawyers, legal librarians or researchers—who act as intermediaries between the computer and the user or subscriber and this is probably the most economical method because the intermediary will not only acquire the skill necessary for programming the computer but also gain experience of what it can do. As many enquiries are bound to be similar or identical, computer time can be saved by multiple use or a combination of print-outs previously obtained.

English-speaking users of electronic retrieval systems start with an important advantage: most computers operate only in English. This is a great obstacle to a direct dialogue with the computer in countries where most of the users do not speak English. Characteristically one of the very few systems which is accessible for direct use by subscribers is DATEV, the tax-law data bank in Nuremberg, using a computer language translated from the original English into German. There is, of course, another important reason why this system is used directly more often than other systems. Most of the accountants and tax advisers using this system have an electronic data transmission terminal installed in their office and can put it to additional use by linking it to DATEV. This now contains in its memory some 35,000 documents, and answers between 300 and 500 enquiries monthly. It has about 500 subscribers paying £15 monthly plus a time fee for each minute of dialogue with the computer. The system is operated by a co-operative of German accountants.

There are now four national systems of computerised legal information in the Community, designed primarily for use by legislators and government *departments*. One of these is the CELEX system of the Legal Service of the European Communities. It stores Community law, mainly for the benefit of Community institutions. Unfortunately, it takes about four months from publication before the documents are fed into the system's memory. As it often takes a long time before Community decisions are published at all, the value of *the system* seems to be greater for historical researchers than for the updating of current information. The Italian Parliament uses CAMERA '72 for regional and central legislation. In combination with another retrieval system for parliamentary documentation. The French system CEDIJ serves mainly public administration and is operated free of charge while the system JURIS of the German Federal Ministry of Justice also serves courts (which pay £750 monthly subscription) and private subscribers (who have to pay £1,000).

In addition, there are two French systems serving lawyers in private practice or employed by companies. The Lyons-based CRIDON system specialises in information required by notaries public (who act as solicitors and commissioners for oaths specialising in conveyancing and probate matters.) The other, JURIS-DATA, operated by a Paris publisher with a legal *information service, is designed* for legal advisers of all types.

The Italian ITALGUIRE, a joint venture of the Italian Supreme Court and of Univac (the computer maker), can boast the greatest number of enquiries. Since 1973 it has been handling annually some 170,000 enquiries from between two and three thousand customers, including public administrators, academics and practising or employed lawyers. The secret of its success is simple: ITALGUIRE operates free of charge.

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

Vaigly Great best for Diadem

RACING

BY DOMINIC WIGAN

ALTHOUGH THE ground is officially forecast as firm, there has been watering on the straight course at Ascot and a good *covering of grass there suggests* that few runners will be inconvenienced by the going.

A number of interesting entries have been attracted and the Diadem Stakes and the *Hoover Fillies Mile* will both have good fields.

There is no escaping the claims of Vaigly Great in the Group Three Diadem Stakes over six furlongs. Last time out Michael Stoute's vastly improved three-year-old made hacks of his opponents in the normally competitive Burmah-Castrol Ayr Gold Cup.

It is difficult to see him failing to follow up that win, even with Ireland's leading sprint filly, Sweet Mint, in opposition.

Sweet Mint, who held on gamely to beat Double Form by *half-a-length in the Cork and* Orrery Stakes at Royal Ascot in June, has been running well all season.

She probably put up her best performance when finishing less than two lengths behind Welsh Captain, to whom she was conceding a stone, in the Curragh's Sean Graham sprint.

Partnered by Lester Piggott, *who rides the course better than* anyone, she should provide the chief threat to the Newmarket three-year-old.

In the Hoover Mile, another Group 3 event, I find it difficult *to choose* between the progressive Formulate and Jeremy Tree's lightly-raced filly, Scintillate.

Formulate, a half-sister by Reform to High Season, came with a strong challenge to take up the running inside the final furlong when lifting a six-furlong maiden event at Nottingham.

He followed up in almost equally impressive style when beating 11 opponents headed by *Rimosa's Pet in Goodwood's* richly-endowed Waterford Candelabra Stakes.

Scintillate, one of the best juveniles in training (by Sparkler out of Set Free—*already responsible for Juliette* Marny and Julio Mariner), has shown promise on both her appearances. She could well hurry Formulate, from whom she receives eight pounds, without perhaps being quite good enough to end his winning sequence.

In the other two-year-old race on this jackpot-supported card, the Clarence House Stakes, I shall be disappointed if the winner is not either Vaigly Great's stable companion, Bananas Foster, or Marble Bay.

Marble Bay, a 57,000 guineas yearling by Wolver Hollow out of Bolting (already responsible for Turnkey), has proved a disappointment in maiden events at Yarmouth and Doncaster.

However, he is highly rated by Henry Cecil, who has a handful of leading juveniles with whom to compare him. It may be that he will succeed on this occasion.

Bananas Foster, thought to be Stoute's quickest juvenile after the brilliantly speedy Schweppeshire Lad, went down through lack of experience in a modest event at Yarmouth a few days ago.

Sure to be all the better for that run, he could just have the *edge on his fellow Newmarket* raider.

Exactly a month ago, Guy Harwood's tough three-year-old, So Proper, made all the running in the hands of Greville Starkey to land a useful prize at Epsom.

I see no reason why he should not follow up in the Swinley Forest Stakes.

ASCOT

2.00—So Proper
2.30—Vaigly Great**
3.05—Formulate
3.40—Town and Country
4.10—Bananas Foster***
4.40—Valuation
5.10—Jubilee Year*

TV/Radio

† *Indicates programme in* black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.41 *For Schools, Colleges.* 12.35 pm On the Move. 12.45 News. 1.00 Pebble Mill. 1.45 Mister Men. 2.00 You and Me. 2.14 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Help! It's the Hair Bear Bunch. 4.40 Rentaghost. 5.05 John Craven's News*round*. *5.10 Blue Peter.*

5.40 News
5.55 Nationwide
6.20 Nationwide
6.55 Tomorrow's World
7.20 Top of the Pops
8.00 The Good Life
8.30 *Mastermind*
9.00 News
9.25 Most Wanted
10.15 Holiday on Ice
11.05 Tonight
11.45 Weather Regional News

All Regions as BBC-1 except at the following times:—

Wales—2.14-2.34 pm I Ysgolion. *Hwnt Ac Yma: Sain (2).* 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 11.45 Weatherman. 11.46 Welsh Snooker Cup Tournament (final frame). 11.56 News and Weather for Wales.

Scotland—9.41-10.01 and 11.30-11.50 am For Schools. 5.55-6.20 pm Reporting Scotland. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 Weatherman. 11.46 Jack High. 12.16 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle): Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University
11.00 Play School (as BBC-1 3.55 pm)
2.15 pm Racing from Ascot
4.55 Open University
7.00 News on 2 Headlines
7.05 The British Connection?
7.30 News on 2
7.35 Expert Opinion
8.00 When The Boat Comes In
8.50 Anne Shasby and Richard McMahon (pianos)
†9.00 Films of the 40s: "I See A Dark Stranger," starring Trevor Howard and Deborah Kerr
10.50 Late News on 2
11.05 Roots, Rock, Reggae
12.00 Closedown (reading)

LONDON

9.30 am Schools Programmes. 12.00 Topper's Tales. 12.10 pm Hickory House. 12.30 Moneywise. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 The Bass Player and the Blonde. 3.50 The Sullivans. 4.20 Children's Film Matinee: "The Purple Mask."

5.45 News
6.00 Thames at 6
6.25 Crossroads
7.00 The Six Million Dollar Man
8.00 George and Mildred
8.30 TV Eye
9.00 *The Sweeney*
10.00 News
10.30 "You Lie So Deep My Love," starring Don Galloway
11.55 What the Papers Say
12.15 am Close: The landscape of Finland with music by Jean Sibelius

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Women Only. 4.20 Lassie. 4.45 The Flintstones. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 10.30 The Cuckoo Waltz. 11.00 TV Movie: "It Couldn't Happen To A Nicer Guy." 12.25 am The Living Word.

ATV

1.20 pm ATV Newsdesk. 3.55 The ATV Thursday Picture Show. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 Gardening Today. 11.00 Movie Premiere: "The Gun."

BORDER

†1.20 pm Border News. 4.20 Thursday Film: "Huckleberry Finn." 6.00 Look*around Thursday*. *7.00 Emmerdale Farm.* 7.30 Father Dear Father. 10.30 Jazz Concert: Stan Tracey Quartet. 11.00 Chopper Squad. 11.55 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 The Little House *on the Prairie. 5.15 Gambit. 6.00 Channel* News. 6.10 Lassie. 7.00 George and Mildred. 7.30 The Incredible Hulk. 10.28 Channel Late News. 10.32 The Andy Williams Show. 11.00 Movie Premiere: "Pray for the Wildcats." 12.35 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 4.20 The Little House on the Prairie. 5.15 Gambit. 6.00 Grampian Today. 7.00 The Bionic Woman. 10.30 Reflections. 10.35 Sportscall. 11.15 Grampian Late Night Headlines. 11.20 The Practice.

GRANADA

1.20 pm This Is Your Right. 4.20 Code R. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Charlie's Angels. 10.30 What's On. 11.00 What the Papers Say. 11.20 Barnaby Jones.

HTV

1.20 *pm Report West Headlines.* 1.25 Report Wales Headlines. 2.00 Women Only. 4.20 Take a Bow. 4.45 The Flintstones. 5.15 Job-line Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Happy Days. 7.00 Charlie's Angels. 10.35 Gallery. 11.05 The Thursday Film: "McCoy—New Dollar Day."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20 Miri Mawr. 4.30-4.45 Wsibethna. 5.15-5.20 Cartoontime. 6.00-6.15 Y Dydd. 6.30-7.00 Sports Arena. 10.35 Image '78. 11.05-12.30 Who Dat Kid?

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

1.25 pm News and Road Report. 2.00 Women Only. 4.20 Tarzan. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 Laverne and Shirley. 7.30 The Rag Trade. 10.30 Something Special. 11.25 Late Call. 11.30 Streets of San Francisco.

SOUTHERN

1.20 pm Southern News. 2.00 Women Only. 4.20 Lassie. 4.45 Beachcombers. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 Southern News Extra. 10.35 People Rule! 11.05 Quincy. 12.05 am What the Papers Say.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.00 Women Only. 4.20 Thursday Matinee: "Abbott and Costello Go To Mars." 6.00 *Northern Life.* 7.00 Emmerdale Farm. 7.30 Laverne and Shirley. 10.30 Sounds of Britain: Music Hall. 11.00 Pro-Celebrity Snooker. 11.45 Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 Take a Bow. 4.45 Lassie. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.25 Police Six. 6.35 Happy Days. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 Counterpoint. 11.00 The Practice. 11.25 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 The Little House on the Prairie. 5.15 Gambit. 6.00 Westward Diary. 7.00 George and Mildred. 7.30 The Incredible Hulk—747. 10.28 Westward Late News. 10.30 Andy Williams Show. 11.00 Movie Premiere: "*Pray for The Wildcats," starring Andy* Griffith. 12.35 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 4.20 Jabberjaw. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Father Dear Father. 10.30 The Love Boat. 11.30 In Concert: Sutherland Brothers.

RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Peter Powell. 4.31 Kid Jensen. 7.30 Country Club (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including Racing from Ascot and 2.45 and 3.50 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 The '78 Show. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Schubert (S). 9.50 Northern University Concert, part 1 (S). 10.35 In Short (talk). 10.45 Concert, part 2 (S). 11.35 *Viola and Piano recital (S).* 12.15 pm Boston Symphony Orchestra part 1 (S). 1.00 News. 1.05 Boston SO, part 2 (S). 1.45 "Der Wildschutz" Comic opera in three Acts by Lorting, Act 1 (S). 2.45 Words . . . (talk). 2.50 "Der Wildschutz" Act 2 (S). 3.45 Interval Reading. 3.55 "Der Wildschutz," Act 3. 4.35 Leeds International *Piano Competition 1978* (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: The Wider World. 7.30 Grieg concert, part 1 (S). 8.15 Espionage in the 20th Century. 8.35 Grieg, part 2 (S). 9.35 Drama Now (S). 10.25 Alban Berg String Quartet (S). 11.00 Schubert and Brahms *Songs (S).* 11.45 News. 11.50-11.55 Tonight's Schubert Song on record (1906).

Radio 3 VHF only—6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. *6.10 Farming* Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Antigua, Penny, Puce. 9.00 News. 9.05 These You Have Loved. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way visits Spalding, Lincolnshire. 11.45 The Youngest Daughter. 12.00 News. 12.02 pm You and Yours. 12.27 I'm Sorry I Haven't A Clue (S). 12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Look — Mann Precisely. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather, programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Road to Sullom Voe: The biggest oil terminal in Europe. 8.30 "I" and "We": Discussion on the eve of the Jewish New Year. 8.45 Analysis: Soviet Power in the 1960s. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 78. 10.03 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

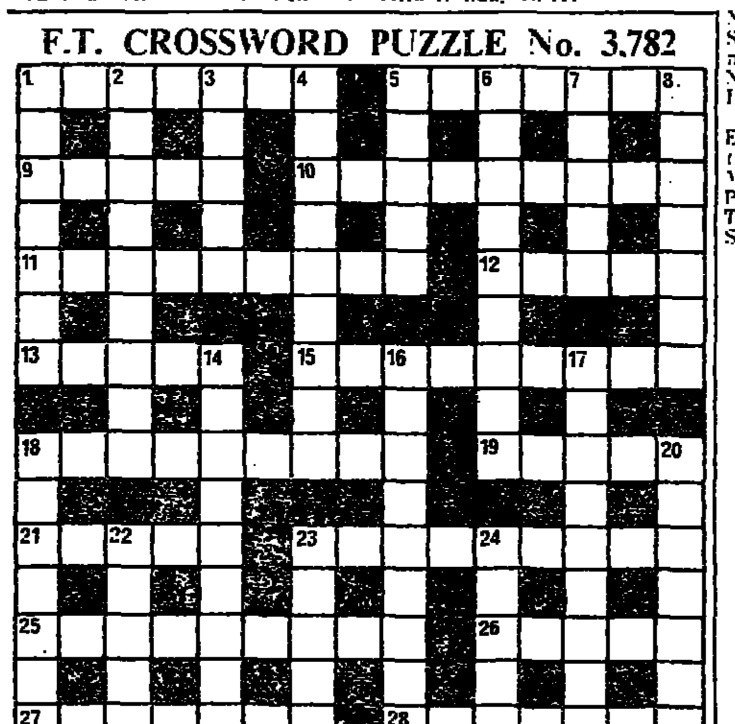
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Peter Young's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,782



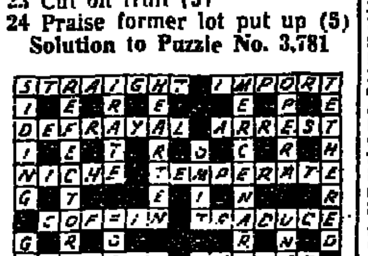
ACROSS

1 Happened to wager I'd go to editor (7)
5 Is returned and raced back for cocktail (7)
9 Become inclined to accept ringleader and gain skill (5)
10 Reach Oriental in attempt at betrayal (9)
11 Release mother, child and lodger (9)
12 Weight of article in farmer's vehicle (5)
13 Relied upon the French worker (5)
15 Herb mentioned in Teutonic article (9)
18 Accept a reduction in wages and have a drink (4, 1, 4)
19 Fanatical brigade leader in attack (5)
21 Stop American money-order (5)
23 Soon resent having to work steadily outside (9)
25 Bring in and make known (9)
26 A pit I chewed up from the leg (5)
27 Vessels in river stretch (7)
28 Everybody in trial but the most grandiloquent (7)

DOWN

1 Dismal, having bundle only three-quarters full (7)
2 Deal in foreign currency using brand name (9)
3 Coarse cloth dug up (5)
4 Graduates that could be sweet (4-5)
5 Unrelenting bird from the south (5)
6 Folding seat to adorn and clean about one (4-5)
7 Jump over without difficulty (5)
8 Native following direction to revel (7)
14 Search and find path on treeless upland (5, 4)
16 Stand for soldiers in attendance (9)
17 A bed made up on table? It's open to question! (9)
18 Diplomacy on French island it may be felt (7)
20 Cure thirsty sailor (3-4)
22 Consume all the meal and delight in it (3, 2)
23 Cut off fruit (5)
24 Praise former lot put up (5)

Solution to Puzzle No. 3,781



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. ENGLISH NATIONAL OPERA

COVENT GARDEN. THE ROYAL OPERA

SADLER'S WELLS THEATRE. ROYAL BALLET

THEATRES

ADELPHI THEATRE. CC.

ALBERY.

ALDWYCH.

AMBASSADORS.

APOLLO.

ARTS THEATRE.

ASTORIA THEATRE.

CAMBRIDGE.

COMEDY.

CRITERION.

DUCHESS.

DUKE OF YORK'S.

FORTUNE.

GARRICK THEATRE.

GLOBE THEATRE.

HAYMARKET.

HAYMARKET.

THEATRES

HER MAJESTY'S. CC. 01-930 6606.

KING'S ROAD THEATRE.

LYRIC THEATRE.

MAYFAIR.

MERMAID.

NATIONAL THEATRE.

OLD VIC.

PALACE.

PALLADIUM.

PALLADIUM.

PHOENIX.

PICCADILLY.

PRINCE EDWARD.

PRINCE OF WALES.

QUEEN'S.

RAYMOND REVUEBAR.

REGENT.

ROYAL COURT.

ROYALTY.

SAVOY THEATRE.

SHAFTESBURY.

SHAW.

STRAND.

THEATRES

ST. MARTIN'S. CC. 01-836 1443.

TALK OF THE TOWN.

THEATRE UPSTAIRS.

VAUDEVILLE.

VAUDEVILLE.

VICTORIA PALACE.

WAREHOUSE.

WESTMINSTER.

WHITEHALL.

WINDMILL THEATRE.

WYNDHAM'S.

YOUNG VIC.

CINEMAS

ABC 1 & 2, Shaftesbury Ave.

CAMDEN PLAZA.

CLASSIC 1, 2, 3, 4.

CURZON.

LEICESTER SQUARE THEATRE.

ODEON HAYMARKET.

ODEON LEICESTER SQUARE.

ODEON MARBLE ARCH.

PRINCE CHARLES.

STUDIO 4.

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Record Review

Eastern prizewinners

by DOMINIC GILL

Rakhmaninov: Piano concerto no. 2. Three Preludes. Dmitri Alexeev, RPO/Vladimir Fedoseyev. EMI ASD 3457 (£4.60).
Piano recital: Andrei Gavrilov. EMI ASD 3600 (£4.60)
Prokofiev: Piano concerto no. 1. Ravel: Concerto for the left hand. Andrei Gavrilov. LSO/Rattle. EMI ASD 3571 (£4.60)
Scarlatti: 12 Sonatas. Andras Schiff. Hungaroton SLPX 11806 (£3.40)

Whatever the contradictions and deficiencies of piano competitions, they do regularly bring to light important talent. The usual political difficulties have prevented us from hearing as much as we would like of Dmitri Alexeev, the young Soviet first-prize winner of the last-but-one Leeds Competition. But we do have two records available which confirm the justice (and dare one admit it, even for once the wisdom) of the jury's decision—a Brahms recital, and now this new Rakhmaninov disc, both issued by EMI.

It would seem to be after the competition, however, that the real disagreements begin. Writing of the Rakhmaninov record, my colleague at the *Gramophone* magazine remarks disdainfully that he had hoped that this disc would be more engaging than Alexeev's previous LP of Brahms pieces." I can only assume the phrase to convey an exceptionally well-hidden compliment; since the "previous LP" (EMI HQS 1370) of this very remarkable young Russian pianist, and actually his record debut, was among the dozen outstanding piano records of 1977, itself an exceptionally rich and rewarding year.

The new disc hardly betters the first: but it contains performances—of the Rakhmaninov second concerto, and notably of three solo Preludes—of the greatest distinction, which cannot be lightly passed over. Alexeev gives a grand and pungent account of the op. 18 concerto, weighty in impulse but delicately nuanced, accompanied by the RPO with admirable vigour and clarity: like that of the Preludes, a keenly intelligent and poetical reading: thrown off with much brilliance, but never blurred or overstated. A fine second disc, full of promise, and warmly recommended.

Andrei Gavrilov, who won the Chaikovsky Competition in Moscow in 1974, is a prodigious talent of 22, and another of the young generation of Russian pianists whose transcendental technique is put firmly in the service of music, and never to merely mechanical display. He is a more ostentatiously virtuoso pianist than Alexeev, as his choice of programme shows; but the virtuosity is tough and thoughtful as well as exuberant—no hollow glitter or note-spinning here.

It was as another "young Horowitz" that we heard of Gavrilov first in 1974; and for once the tired epithet has point. The entrée and climax of his recital is a wonderfully refined and aristocratic account of Ravel's *Gaspard de la nuit*: authentic cousin to Michelangeli's *Gaspard*, sensationally accurate, still more explosive, its "Scarbo" licked with still brighter colours, brighter flames. A happy discovery is Chaikovsky's *Theme and Variations* op. 19 No. 6, rarely played, and never to my knowledge before recorded outside a complete edition, given with the greatest delicacy, wit, and nostalgic charm. The rest of the disc contains three partypieces: a dazzling performance of Balakirev's *Islamey*, tossed aside with nonchalant ease; a *Suggestion diabolique* of Prokofiev with a great deal more to it than a mere suggestion of devilish force; and a Liszt *La campanella* of astonishing facility, spun from pure crystal.

The *recital* is impressive enough: but Gavrilov's Prokofiev concerto is, I think, probably the most exciting performance of that work yet to appear on record—and that judgment takes into account much distinguished competition. The music is poised on a knife-edge, every detail of articulation diamond sharp. There is notably strong and sensitive support also from Rattle and the LSO, both in the Prokofiev and in a nobly resonant account of the Ravel left-hand concerto, exquisitely shaped. A remarkable pair of records, difficult to recommend too highly.

The Hungarian András Schiff (b. 1953) is a runner-up to Alexeev and Gavrilov—in the same competitions they won, he was placed respectively joint-third and fourth. His is a smaller-scale, but no lesser, talent: quieter and more intimate, full of wayward laughter, bubbling humour, gentle poetry and sharp comment. His latest disc offers a recital of a dozen Scarlatti sonatas: polished, but wholly unflashy performances, made with evident care and love. The sequence is well-varied, and chosen with an ear to effective contrast: the B minor sonata K27, for example, delivered without a trace of rhetoric, smoothly, lyrical, as a prelude to the well-known D major K38, more keenly, dramatically sprung. Any track could serve as a sample: specially memorable perhaps, the lovely dance-lilt Schiff finds in the skipping paragraphs of the F major sonata, K17, and the deft and subtle variations he achieves between each pair of repeats.

A scene from '6.6.78'   Leonard Burt

Sadler's Wells

De Valois Gala

by CLEMENT CRISP

In a curtain speech after Tuesday night's jollifications, Dame Ninette de Valois observed that this was the third celebration in honour of her eightieth birthday. But when one is as greatly loved as Madam, and when so many, many people stand so deeply in debt to you, the excess is excusable, and Sadler's Wells Theatre was the right place for the culmination of the festivities. This was the stage where, after all, everything really began, and the programme acknowledged the fact by showing three generations of British choreography that span the history of our National Ballet.

Les Patineurs and *The Rake's Progress* tell us of the high quality of the creativity of the early years. *Rake*, I thought, looked especially strong. Structurally it is very sound, its dramatic momentum never slackening; the Rex Whistler designs are still among the best the Royal Ballet has owned, and by its very "Englishness" the ballet says a great deal about the aspirations and achievements of de Valois as creator and inspirer of a company.

Desmond Kelly was the Rake. His characterisation seems sobersided in the first scenes, but in the Gambling Den—which I find the best and tautest of the ballet's incidents—despair claims the Rake, and the final passage in Bedlam was stunningly well done, the role played from a still centre of horror and degradation.

The novelties of the evening were two occasional pieces. The first was David Bintley's *Take Five*, briefest of cabaret items, set to Dave Brubeck music, which found Lynn Seymour with a velvet jacket, trilby hat and impeccable legs, aided by a male quartet. The work is a nod in the direction of Zizi Jeanmaire, and none the worse for that, because Bintley has most of the tricks up his sleeve (and knows when to play them), and because Lynn Seymour can strut and kick her way through this sort of affair, and be adorable.

A few ounces more considerable was Kenneth MacMillan's *6.6.78* (being the date of Dame Ninette's birthday) set to Samuel Barber's fragmented "Capricorn Concerto." It contains a series of running jokes best understood by ballet-goers who know something of de Valois ballets—they will recognise the arms-spread pose from *Rake*; the Betrayed Girl's exit pushed by her mother from the same ballet, and the dance of the pawns from *Checkmate*, all of which are quoted.

The signs of the zodiac, in merry costumes by Ian Spurling, scuttle and bustle about the stage against a pretty pastel gauze setting which plays a few optical tricks of its own. Controlling the work are Marion Tait and Desmond Kelly as Gemini (Dame Ninette's birth sign), and for them MacMillan has devised a beautiful pas de deux which is threaded through the action. It is serious writing for two excellent dancers, rather in Mayerling mood, and at more relaxed moments there are some affectionate comments upon the character of the ballet's dedicatee.

This tribute is clearly marked with the love and admiration MacMillan offers to Dame Ninette—as do we all. And if we are sincere in this we must heed her words made during a curtain speech at the end of the evening.

Her plea was for money for the Wells—"I sound like Lilian Baylis," she said—and I would urge this best of causes to every ballet-goer. It is shameful to record that 47 years after Dame Ninette laboured to found her company at The Wells, financial problems still abound. We owe it to the shade of Lilian Baylis to Dame Ninette, and to the Wells, to be generous.

Books Page will appear on Saturday

Arts news in brief

Night and Day, a new play by Tom Stoppard, starring Diana Rigg and John Thaw, opens at the Phoenix Theatre, London on November 8.

It is set in the home of an expatriate couple in a fictitious African country. John Thaw, William Marlowe and Peter Machin play three British journalists covering a rebellion.

Night and Day will play at the Wimbledon Theatre for two weeks from October 24 before reaching the West End.

★

The Theatre Museum has acquired the Antony D Hippisley Coxe Circus Collection. This is probably the most varied, if not the largest, private collection in England and certainly one of the most important in Europe. Antony Hippisley Coxe started collecting in the 1920s with the programme of the first circus he saw: Barretts Royal Canadian. During the 1930s he become particularly interested in 18th century handbills and books, which grew into a library of more than 500 volumes.

The collection was again extended after World War II to include prints, lithographs, engravings and ceramics from Staffordshire pottery portraits to Wedgwood.

The Theatre Museum at the Victoria and Albert Museum is closed to the public until 1980 when it re-opens at Covent Garden Flower Market.

★

Barney Kessel, Herb Ellis and Charlie Byrd are the three guitarists appearing in *The Great Guitars* concert at the Elizabeth Hall on Monday, October 23, starting at 7.45 p.m. Charlie Byrd will appear with bass and drums accompaniment. The package will also appear on Friday, October 20, at the Crucible Theatre, Sheffield, at 11 p.m.

Theatre Royal, Stratford E.15

Snapshots

by MICHAEL COVENEY

For one of the best shows at Stratford East in some while, playwright Rony Robinson has gone out on the streets with his tape-recorder and gathered, first-hand, some evocative reminiscences of life in the area in the 1930s. What may sound like a logged documentary approach has, in fact, yielded some superb results, with stories like that of the disappointed carpenter whose wife left him after 37 years achieving the rhythmic comic effect of Pinter's sketches.

But there is much more to it than that in Jonathan Chadwick's affectionate, serious and well-organised production. This is community theatre as it should be, with an unpatronising cast bringing its audience in touch with its own history. One of the girls at Yardley's factory has her sights set on Canada and, in the play's second half, her escapist fantasy is strongly challenged by a boyfriend bound for the Spanish Civil War.

The culture of the era is delicately remembered in the best set of theatre songs (by Mervyn Futter) on this stage in years. In addition, there are some beautiful revivals of numbers such as the chorus for girls and banjo in praise of the League of Health and Beauty and a jaunty tribute to the romantic appeal of Amy Johnson. All the music is set against an impressionistic backdrop of social encounters on the beach at Southend, the open-decker trams and in the local cinema.

The world of piano parties, skimmed milk, half-penny bus rides and Max Miller is sketched in with jabbing dramatic pertinence, but the trap of maudlin sentimentality is never a danger when the material has been so expertly culled and deployed. In an outstandingly sympathetic company, there is particularly good work from Deborah Findlay as the central girl, Peter Dawson as the epitome of the quietly defeated married man and Paul McCleary as the persuasive idealist.

Deborah Findlay   Leonard Burt

Festival Hall/Radio 3

Muti and Gilels

by DOMINIC GILL

It is not all Mahler at the Festival Hall this season. Tuesday's Philharmonia programme under Riccardo Muti was all Schumann; and the evening's centrepiece was the piano concerto with Emil Gilels as soloist. The centrepiece was not, as it turned out, the evening's high point: for it was not just an unusual view of Schumann's most famous concert piece that Gilels offered us, but a conceit positively weird in its wayward-ness, that never quite settled, never jelled—the strangest unpredictable blend of the various and the plain dull, the fortuitly blunt and the effortlessly rapt.

It was a performance alternately galvanised into manic enthusiasm, and (one practical explanation) jet-lagged into somnolence. The opening theme of the first movement in Gilels' hands emerged grandly relaxed, powerfully restrained, every phrase gripped in the fist, broadened to its fullest capacity; then suddenly, without warning, allowed to escape like a lightning bolt for a few measures, before the grip was regained. In *animato*, far from relaxing, Gilels tightened his hold: even where the rubato manner seemed to bespeak expressive intention, the effect in sum was oddly austere, withheld, withdrawn.

The outer sections of the andantino, taken rather faster than usual, framed a central melody broadened almost to stillness. Gilels set off into the finale with a determination that was many things—not least massively heroic in cast—but never remotely *vivace*: no trace in any measure of Schumannesque buoyancy, no soaring, no glitter, no tender breath. I found the account as a whole, except for one or two sparkling moments, which almost no pianist of any stature can fail to miss, agonisingly deliberate.

It was without doubt not an approach which Muti would have chosen. Left to his own devices, with the orchestra after the interval, he urged a splendid *vivace* spring to the rhythms of the first movement of Schumann's first symphony—and brought a powerful draught to the evening not of pungency alone, but of pungency mixed with gaiety and colour. Both the larghetto and scherzo were nicely, deftly laid out; and the finale, though it was never driven hard, was underpinned all the same with unfaltering momentum.

Elizabeth Hall

Amadeus Quartet

On Tuesday the Amadeus Quartet devoted their first London concert of the season to Schubert (they will do with two later concerts. We had the D minor quartet, "Death and the Maiden," and the great A minor, D.810. The Amadeus's current Schubert manner is idiosyncratic, though it goes without saying that their command of the broad lines of the music is firm as ever. The pulse is now kept fairly insistent, with few breaths taken at paragraph-endings; on the other hand, they permit themselves very flexible tempi within individual movements—there was, for example, no attempt to hold the "Death and the Maiden" variations to a uniform pace—and where Schubert prescribes a dramatic hesitation or syncopated accents, they are brought out with theatrical emphasis.

Peter Schidlof's first violin dominated the ensemble, his cooing tone laced with a measure of curdled sweetness. That, and an imperfectly tuned accompaniment, compromised the opening of the A minor Quartet; the result was a little queasy, and the performance did not begin to exert a proper grip until the Menuetto, which was stern and powerfully strange—something quite different from the conventional yearning regrets. The syncopations of the Finale were particularly obsessive, as if the rhythmic balance of the music threatened to overturn completely.

The inquietude of the D minor Quartet is more overt, and the Amadeus reading made it central. As before, dotted figures were often sharpened into double-dots, and the Allegro was driven with jagged urgency. If the variation-movement sounded a more sectional affair than usual, the sections were pungently characterised: Mr. Schidlof contrived a brilliantly improvisatory effect in the first variation — but the climax in the last seemed less a culmination than a striking afterthought. The Scherzo was rugged and glowering, not very fast: the secondary tunes of the final Presto were not allowed to sing much, hustled along in the anxious overall rush. The grace-notes of the main theme were curiously treated, like hasty gulps. Not very comfortable performances, but uncommonly interesting ones.

DAVID MURRAY

Grand Theatre, Leeds

Dortmund Opera

by RONALD CRICHTON

Dortmund in West Germany and Leeds are "twinned" cities. The arrangement is now going beyond the usual amicable and useful exchanges to include opera companies. Dortmund's is at the Grand Theatre this week with *Fidelio* (twice), *Falstaff*, *Elektra* and Berg's *Lulu*. English National Opera North, the fresh offshoot of the parent company at the London Coliseum, about to start operations in November with Leeds as base, is due to visit Dortmund next year with *Samson and Delilah* and *Peter Grimes*.

The advance information about this visit included nothing about the history of the Dortmund Municipal Theatres (which cover drama and ballet as well as opera). They hold an honourable place among the enviably enormous number of subsidised companies in Germany, without competing with, say, Munich, Hamburg or Stuttgart. All the more remarkable, then, that a medium-sized enterprise without much, if any, experience of overseas touring is willing and able to transport itself, chorus, orchestra and all, to mount four operas in a foreign theatre in the space of five days.

To be able to say that *Fidelio* on the opening night (Tuesday) reached a sound musical standard and ran smoothly is more flattering than may at first appear to the personnel of both theatres. The production by Paul Hager, the Dortmund Intendant, is new but barely distinguishable from other recent *Fidelios*, except that the sensation of confinement implied by the grille set by Lore Haas and Hans Schavernoch is not matched by much physical tension in the action. In the dungeon scene an extra grille led to some awkward positionings.

Marek Janowski, the Dortmund director of music, is conducting all the Leeds performances. In *Fidelio* he insisted on spruce, elegant phrasing with results on the whole more rewarding in the opéra-comique type of music of the earlier scenes than in such intensely dramatic parts as the grave-digging duet, which wanted expansiveness. It could be that Mr. Janowski was suiting his style to a mainly light-voiced cast. He was unwise to place his horns in one of the stage boxes—from the opposite side of the house, along with much delicate, agile playing, every passing fluff was audible, and at times the score resembled a multiple horn concerto.

The Leonore, Uta-Maria Flake, managed her big aria adroitly without going far beneath the surface (few young sopranos can do both). In the "namenlose Freude" duet and in the finale she found the measure of the house and sang out with an exciting, clear ring. Robert Schunk was Florestan. The sound, with Heldentenor stamina tempered with lyrical sweetness, was excellent, but (as with his Erik in the Bayreuth *Dutchman* this summer) the singing as such was not particularly interesting—intentions were clearly good but phrase after phrase just failed to come to life.

Franz-Josef Kapellmann (Pizarro), Günter Wewel (Rocco), and Verena Schweizer (Marzelline) were acceptable. William Reeder (Jacquino) was colourless—seldom can a Jacquino have shown so little surprise at the strange turn events take (notably from his point of view) at the end of this opera. Ilie Baciu (Don Fernando) displayed a most promising voice, not well suited to this role but of sumptuous quality. His German is unready. The dubious precedent was followed of inserting Leonora No. 3 in the second act. Tonight *Elektra* with Danica Mastilovic. Tomorrow, *Lulu* with the Persian soprano Nassrin Azarmi. *Fidelio* again on Saturday.

Cassette aid to education

Atarah Ben-Tovim's enthusiastic and exciting approach to musical education—exemplified in her Radio 3 series *Atarah's Music Box*—is being encapsulated on cassette.

In conjunction with Novello, Miss Ben-Tovim has recorded a five-part introduction to music, Atarah's Bandkits, which will be welcomed equally by teachers and parents.

Miss Ben-Tovim, for 12 years principal flautist with the Royal Liverpool Philharmonic Orchestra, demonstrates her belief that music is fun in the 200 children's concerts a year given by Atarah's Band and in the Children's Concert Centre she has established at Rossendale, Lancashire.

Two cassettes have been released, the remainder following next year. The first, designed for non-specialist teachers and parents of children aged between five and ten, is *Concerts in the Classroom* and comes with teacher's notes, suggested projects and quizzes.

The second, *Getting It Together*, is intended to assist ensemble playing from children of Grade I/II/III standard and includes a score and set of parts for whatever instrumental combination a school can muster.

JOHN FALDING

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Quiet end to U.S. boom

THE RECENT news of the U.S. economy, of somewhat improved trade figures, rising interest rates and somewhat less hysteria in foreign exchange markets all are evidence of the same underlying cause: the remarkable recovery of demand in the domestic economy, now in its fourth year, has begun to top out.

Abnormal

The abnormal length of the boom has three explanations, and all of them also help to define the present condition of the U.S. economy. First, the existence until recently of very large spare capacity has meant that investment demand has been much lower than would be normal in a period of rapid growth. This has limited demand for credit, and so helped to prevent the rise in interest rates so confidently forecast for 1975 and 1976 until quite late in 1977. The large Federal deficit, which might also have driven up rates, has been readily financed until the middle of this year by foreign central banks striving to limit the appreciation of their own currencies. The rapid growth of the labour force has also delayed the onset of any real tightness in the labour market.

During recent months all these influences have spent their force. Capacity shortages have been beginning to appear since the start of the year, foreign intervention slowed down dramatically after the international meetings in June and July, and unfilled vacancies for experienced men have been rising steeply. At the same time consumers are becoming much less willing to incur further debt. No policy changes have been needed to secure some slowing of the growth of demand and a sharp rise in interest rates; these are the natural reactions to external and internal pressures.

These developments have led some forecasters to fear that the long U.S. boom will end in a very sharp downturn, with a cyclical weakness of demand reinforced by a credit crunch, and confidence further undermined as the sharp fall in the international value of the dollar works through to domestic prices. Official forecasts, by contrast, look only to a healthy slowdown.

The gloomier forecasts seem to overlook the fact that the depreciation of the dollar will itself do much to maintain the demand for U.S. output. The U.S. is no longer a soft market for exporters in developed countries, and some import substitution is the result of foreign direct investment in the U.S., which has been rising for some time but is only beginning to come on stream. President Carter's export promotion drive is being mounted against a far more favourable background than any of the export-or-die campaigns which have made British businessmen rather cynical about the whole subject. Foreign markets now offer real profit opportunities of which many U.S. manufacturers, happy in their home markets, are quite unaware. Some of these opportunities will be enjoyed by industries—notably the aircraft industry—which are still depressed, and have large spare capacity.

Problems remain

However, if a slump in activity seems unlikely, the problems of inflation and of the balance of payments remain. The President is reported to be hoping to contain inflation through voluntary restraint—an approach which does not inspire much confidence. Further, no official statement seems yet to have acknowledged the truth which has become so familiar in this country: the balance of payments will only respond to currency depreciation if the balance between domestic supply and demand is altered. Neither export successes nor even a sensible energy policy will of themselves improve the balance; they simply make it possible to improve the balance less painfully.

For the time being the tapering off in credit growth is helping to restore balance; and the combination of higher rates and a stabler dollar will probably attract private capital to finance the remaining deficit.

A recovery based on deficit can never be a secure one, however: the dangers of depreciation and deflation will only be really confronted when the President uses his new authority to take the necessary fiscal decisions to restore the Budget and the economy to a better balance. The danger is not that he will do too much, and spoil an otherwise soft landing, but that he will do too little, and allow the slide to go on.

The risks in Rhodesia

THOUGH HE did not spell it out in so many words, Dr. David Owen's speech to the United Nations yesterday stressed the central fact about the Rhodesian situation, which has become increasingly obvious in recent weeks: that the time for a peaceful settlement is fast running out, if it has not run out already. The longer the fighting goes on, and the more conditions inside Rhodesia deteriorate, the greater the risk that the guerillas led by the Patriotic Front will feel that they have little to gain by making any concessions.

Outsiders may know that a "solution" to the Rhodesian problem brought about by violence would not be a solution at all. It would be disastrous for the people and the economy of the country, and even if it did not spill over into continued civil war long after the collapse of the Salisbury government, it would make impossible the establishment of a stable and democratic Zimbabwe. But the leaders of the Patriotic Front may well not apply the same calculus to the balance of issues at stake, even though they must know that, beyond some unspecified point, the fighting may acquire a momentum which could be unstoppable.

New ideas

Evidently, Dr. Owen feels he has reason to hope that this crisis point has not yet arrived, and that there may still be a chance of a negotiated settlement. The British government has circulated new ideas for some of the elements in the transition to an independent Zimbabwe, and it hopes to be in a position in the near future, to invite all the parties to a new round of negotiations on a final settlement.

It cannot be said that Dr. Owen's speech radiates optimism that such a negotiated settlement is round the corner. He stresses the continued divisions between the two wings of the Patriotic Front, which must be resolved before there can be an agreed settlement; and when he says "If the parties continue to argue over the structure of a settlement, then the war will continue," he implies unmistakably that an end to these arguments is not yet in sight.

For the British Government, and indeed for the rest of the world, there is no alternative to continued efforts to persuade the parties to negotiate and to compromise. A forcible intervention from outside is simply not a practicable option. The only way in which the fighting can be ended is for all the parties to negotiate and to agree on terms for independence. Dr. Owen cannot afford to relax his efforts at this critical juncture: the Patriotic Front and the government in Salisbury will bear a heavy responsibility if they fail to respond to his call.

Volte face

His task has been made considerably more difficult by last week's volte face in which the South African Government rejected the United Nations proposals for independence in Namibia. In so doing it has virtually ensured that the elections planned for later this year will not produce a representative result nor one that would be internationally recognised and guerrilla violence will continue.

It is possible that the Pretoria Government misinterpreted the implications of the proposals put forward by Dr. Waldheim: if the five Western powers which played a key role in launching a UN plan for Namibia may yet be able to persuade the South Africans to reconsider. Much will depend, of course, on who succeeds Dr. Vorster as prime minister, and who is expected to be named by the party caucus today. There has been a tendency to assume that last week's decision pointed to a general hardening of the line in the South African cabinet; but it is still possible that the very fact of a change in leadership will give some breathing space for reappraisal in Pretoria and for diplomacy by the western powers.

What is not in doubt is that this breathing space may be very short, as short as the time still remaining for a peaceful settlement in Rhodesia.

The need to abolish double standards in accountancy

BY MICHAEL LAFFERTY

BRITAIN and the United States are probably the two most advanced accounting countries in the world. They both follow the historic cost system (for the most part) in calculating profits, have a legal requirement that accounts present a fair view, and have a system of accounting standards to establish the framework for preparing accounts. But there the comparison ends.

In the U.S. accounting standards are dictated to a large extent by the needs and demands of those—primarily shareholders and investors—who have to make use of financial statements. This seems sensible, given that the purpose of accounts in the first place is to convey information about a company's performance and financial position to others.

In the UK, on the other hand, it would be very difficult to conclude that accounting standards are determined other than by the preparers. In other words, it is companies which dictate what is or is not acceptable in standards. The result is that UK accounting standards and exposure drafts (draft standards) are much more flexible than is the case across the Atlantic—and consequently of less use to shareholders and other readers.

A lot of money

Obvious though all this is to the leaders of the UK accountancy profession, there is little recognition of it in today's consultative document on the future of accounting standards, published by the Accounting Standards Committee. Prepared by a group chaired by new ASC chairman, Mr. Tom Watts, the 28-page report can best be described as an analysis of the various ways in which accounting standards could be set and administered, which concludes in favour of the status quo and asks for a lot more money for doing the same job as now.

Mr. Watts begins his report by considering the need for accounting standards. A company could dream up any accounting concoction it liked to measure its own performance internally—the only requirement being that it should stick to the same system each time. But when it comes to satisfying legal reporting responsibilities to shareholders under the Companies' Acts there is a fairly obvious need for consistency and comparability from one company to another. It is here, in the words of the Watts report, "that accounting standards were and are required: not necessarily imposing uniformity but at least narrowing the choices, so as to make financial statements more helpful to users."

Accounting standards fit neatly into the Companies Act requirement that accounts should give a true and fair view "in that they constitute part of the framework of what at any point of time is regarded as giving a true and fair view." More simply, they enable accounts users to understand the language companies use for reporting their accounts. The converse of this is that so long as there is more than one alternative method available to companies for, for example, accounting for taxes, or currency translation the more difficult it will be for users to make best use of their accounts.

Admittedly, the ASC was founded with the less ambitious objective of only "narrowing the areas of difference and variety" in accounting practice. But initial standards—on associated companies, earnings per share, extraordinary items and prior year adjustments—suggested that the ideal of one standard was achievable. Then came the skirmish on research and development. An ASC exposure draft (in the best tradition of prudence) proposed that such expenditure should be written off against profit as incurred. But a sharp rejection of the proposals by aerospace and electronics companies—among them Westland Aircraft—resulted in a revised standard which gave the two industries what they wanted—the opportunity to capitalise some development costs.

But R and D was nothing in comparison with what followed on the matter of deferred tax. The ASC got as far as issuing a standard, requiring companies to provide for both actual and potential tax liabilities deferred as a result of tax incentives, before industry realised it did not like the new rules. The result was an unprecedented outcry which eventually resulted in the suspension of a standard most auditors believed to be appropriate to the historic cost accounting system. This was replaced by the much-quoted draft ED 19, which says companies need only provide the taxes they will have to pay in the foreseeable future. To cap it all, the eventual standard due out soon will allow either the old or the new system.

The success of the deferred tax campaign did not go unnoticed by the property companies. They had long objected to a draft standard which would have required them to depreciate buildings, like every other company. The ASC took a tough line, only to have the rug pulled from under it at the eleventh hour when the council of the English Institute of Chartered Accountants voted to avoid a conflict by granting the property industry exemption from the standard.

Amid all this public controversy the Accounting Standards Committee did the only thing it could to prevent further problems. There was to be more consultation with industry representatives before exposure drafts were issued. The first result of this new era, issued a year ago, was the exposure draft 21 on currency translation. It allows companies a variety of different methods for translating overseas accounts. So to the user, it could be said that industry had once again had its way—only this time behind closed doors. A forthcoming exposure draft on accounting for pensions is expected to be equally flexible.

Anyone who is concerned at this turn of events will be very worried by the pledge in the Watts report of even greater consultation with industry and supplementary standards for individual industries. The report explores greater involvement with accounts users only briefly when it discusses various alternatives to the present ASC regime. This section ends curiously: "the ASC welcomes public comment on this matter, but failing any clear reasons and consensus for a change, recommends retention of broadly the existing structure."

Terry Kirk

Mr. Tom Watts

Does this mean that ASC is to continue to have only one representative of accounts users, eight from industry and commerce, and 10 from the public accounting firms? Or is Mr. Watts discreetly asking users to identify themselves and demand an equal say with the preparers? This could go some way to counter the industry bias of the present ASC.

But it would not be enough. The present system has failed, despite the efforts of auditors to produce uniformly good standards largely because there is no mechanism for enforcement of accounting standards once they are issued. It is a case of government by consent. Naturally enough, auditors want to avoid confrontations with companies, so they support flexible standards—allowing two, or maybe three methods of showing a particular item in accounts. If they knew that companies would be under a tight obligation to observe accounting standards it is possible that auditors would be more willing to raise the priority of user needs in considering future standards.

But who should do the enforcing? In the U.S., the job is done by the Securities and Exchange Commission, which usually refuses to accept financial statements for registration if they do not conform to standards. (Oddly enough, it was this rule which eventually forced ICI to comply with the UK accounting standard on Government grants—a ruling which it had previously ignored for years.) The Watts report puts forward the possibility that the Stock Exchange, or the new Council for the Securities Industry might do the job, though it suggests that the former is unlikely.

Surprisingly, the news from CSI is that it has not been asked to consider the possibility of helping out on accounting standards enforcement, though it may well add the item to its "possible projects" file now that it has heard of the Watts report. The matter is urgent, for unless accounting standards have the discipline of enforcement the likelihood is that they will continue to be at the very least double-standards, representing the lowest common denominator of what is acceptable to the companies affected. The step from this to statutory enforcement is not far. Regrettable though the latter may be, it is hard to see any worthwhile alternative at present, unless the CSI takes on the job.

The final chapter of Watts is devoted to a criticism frequently levelled against ASC—that it has failed to develop an agreed conceptual framework from which accounting standard would follow logically. Advantageous though this would be, Watts finds it to be unavailable at present. He justifies this view by showing "that users of financial statements have different objectives, and in the absence of unanimity it is not possible to develop an acceptable foundation based on definitions of profit, the balance sheet, or capital maintenance which would be generally accepted."

The danger in this line of argument is that it leaves ASC wide open to the charge that it is seeking to extend existing rights to accounting information (and hence the obligation of accountability) beyond the traditional groups of shareholders, creditors and future investors. Surely these are the users ASC should start with. If major weaknesses exist in the present accounting system as far as these people are concerned it is largely because of the variety of different methods still available to management for calculating profit. The historic cost accounting system needs to be standardised far more. Maybe then other users like employees will find it more understandable.

A suggestion often put forward in connection with standardisation is that it is better to allow companies flexibility to follow whichever accounting method (of the permitted alternatives) they think most appropriate, so long as the effect of adopting the other basis is quantified in notes. This indeed is what is currently happening with the draft standard on accounting for taxes. It was also a line promoted by some of the nationalised industries responding to recent criticism of their accounting practices.

But it is not a satisfactory solution for several reasons. To start, with, how many shareholders, institutional or otherwise, have the ability and technical knowledge to make the necessary re-adjustments? There is also the matter of statistical services, which produce historic records of company results. Whether accountants like it or not there is something unique about the profit figure in company accounts. This does not mean that it is absolutely right. What it ought to mean is that it has been arrived at on a consistent basis, and is comparable as far as possible with other companies.

Mr. Watts has started the ball rolling. It is now up to shareholders, investors, creditors and other users of company accounts to take advantage of the next six months to emphasise their needs in the accounting standards game. Otherwise they will have only themselves to blame, and are likely to go on getting the double standards they will deserve.

SOME QUESTIONS FROM THE ASC

Part of a list of questions on which views have been sought

THE NATURE OF ACCOUNTING STANDARDS (SSAPs)

- Is there a continuing need for accounting standards designed at least to narrow the areas of *difference* in accounting practice?
- Is it accepted that reasonable consistency of accounting principles is desirable between various undertakings?
- Is it agreed that SSAPs are needed to enable users of accounts to compare the performance of different organisations?
- Is it agreed that SSAPs should not be used merely as a benchmark against which deviation should be measured?

THE APPLICATION AND ENFORCEMENT OF SSAPs

- Should SSAPs be developed for particular industries?
- Should SSAPs be enforced beyond the duties presently imposed upon members of the accountancy profession?
- Should enforcement (as opposed to application) generally be limited to listed companies?
- Should the enforcement body be:
  (a) a government department (b) an agency (eg on the lines of the SEC) (c) the Stock Exchange (d) a branch of the CSI?
- Should the sanctions comprise:
  (a) suspension of listing (b) censure (c) an alternative. . . .?
- Should the auditor's report always refer to:
  (a) compliance (b) material departures, where he agrees
  where he disagrees?

THE STANDARD SETTING BODY

- Should SSAPs be set by:
  (a) Parliament (b) a government department (c) a government agency (d) a self regulatory body and if so, should it be one
  —which is wholly independent of the accountancy profession
  —which consists of accountants only
  —which consists of a wider membership than just accountants?
- Is it acceptable to retain the ASC very broadly as at present?
- Should the Councils of the accountancy bodies continue to have the final right to vote or agree to the publication of an SSAP?
- If not who should
  —the ASC itself
  —another body. . . ?
- Should ASC members continue to be part-time and unpaid?

FINANCE

- Who should pay for the standard setting body:
  (a) the accountancy profession (b) producers of accounts (c) users of accounts (d) government (e) others. . . ?
- Should finance be "voluntary" and handled by a foundation on the lines of the Financial Accounting Foundation in the U.S.

AN "AGREED CONCEPTUAL FRAMEWORK"

- Is it accepted that there is at present no single "model" or "agreed conceptual framework" which can be used as the touchstone for accounting standards?
- Should the ASC encourage research into the possibility of finding an acceptable "model"?

MEN AND MATTERS

Steering a smooth course

The talks now taking place between two of the world's largest insurance broking groups, C. T. Bowring of the UK and Marsh and McLennan of the U.S., are being viewed with a certain irony by other members of the London market.

It has not escaped the eagle eye of the insurance men that Ivor Binney, chairman and chief executive of C. T. Bowring (Insurance) Holdings, is a member of the Committee of Lloyds which earlier this year blocked an attempt by Marsh and McLennan to take over the UK firm Wigham Poland.

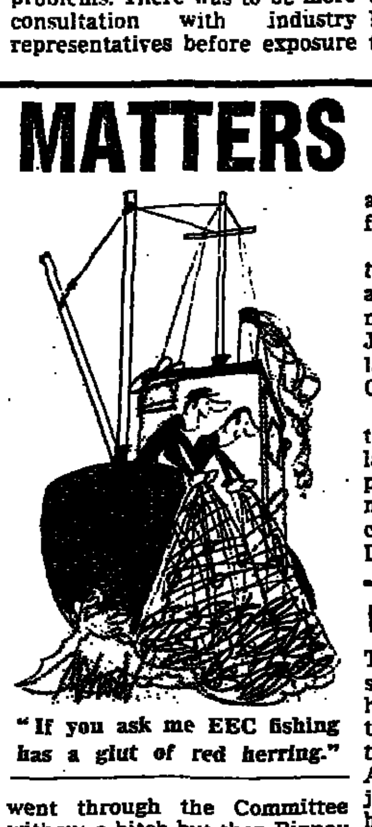
The controversial ruling by the Committee was that no insurance interest outside the Lloyd's market could normally hold more than 20 per cent of the equity in a Lloyd's broker.

Binney tells me that though he voted in favour of the general principle of the 20 per cent rule, he and other parties with a close interest in the American broking scene left the Committee rooms during the vote on the specific cases.

It is perhaps worth pointing out that another Bowring man, Kenneth Lambert Coles of C. T. Bowring (Underwriting Agencies), chaired the Committee's working party which planned the 20 per cent rule which blocked the American bids.

Jack Regan, Marsh and McLennan's chairman, tells me that he was quite annoyed at the time but he is obviously not a man to bear a grudge. The new deal would allow the two groups to pool combined broking incomes of about $550m without incurring the wrath of Lloyd's. "When Mr. Binney suggested the framework for the deal I thought it would be a fine solution," he says.

Binney did not vote when this new deal came before the Committee of Lloyd's. Some of his competitors are amazed that it went through the Committee without a hitch but then Binney had been in as good a position as any to predict the wishes of the Committee— as he himself might admit.



"If you ask me EEC fishing has a glut of red herring."

Common fallacies

The European Parliament's office in London admitted yesterday that it would "probably" face an uphill task explaining to Britain at large what the coming Euro-elections are all about. As a preliminary to the campaign a poll has been conducted asking people what were the problems of the Common Market, its powers, and similar burning questions.

The response? "The results are still being analysed," said a spokesman guardedly. "We have an impressionistic view." And the impressions? "People are very confused. . . but then they are confused by the relationship between Parliament and government and councils. The confusion isn't confined to Europe. There's a feeling that things are being done 'up there,' but then that's equally characteristic of government and business. So far we have found nothing unusual."

One story being circulated is that some of those questioned about the identity of the "top man" in Brussels got it right: Jenkins. But when pressed a large number thought his Christian name was Clive.

Meanwhile telephone traffic to the EEC's office is high, with a large number of calls from potential candidates for the mammoth 500,000-voter Euro-constituencies, among them Lord George Brown.

Kindly weed

The well-equipped traveller to sultry climes may soon find himself adding an unusual item to his complement of visas, tickets and injection certificates. A common weed could prove just what he needs—at least if he faces the risk of that most insidious disease in the tropics and sub-tropics, bilharziasis.

More than 200m people in the Third World are afflicted by this debilating sickness. Developing in water snails, fork-tailed larvae of the blood fluke swim around ponds and waterways, entering mammals' bodies. The parasite is an ancient enemy in Egypt, where up to half the population is affected. But now a research project backed by Canada's International Development Research Centre has found thatthe ragweed ambrosia maritima can kill off the snails.

So if you are planning to swim in the Nile or float in the Ganges, plant a little ragweed first.

Up in smoke

It is some distance from a childhood spent in Kiev rolling cigarettes en famille to the softlight grandeur and foot-long restaurant bills of London's West End. But it is a journey travelled with the lightest of treads by Zino Davidoff, the 73-year-old tobacco king.

Dining at Les Ambassadeurs the other night we talked, inevitably, of cigars—he was in London to launch a new range. Inevitably, also, he assured me they were the best in the world. They are certainly among the most expensive at around £2 each.

Davidoff is apt to make claims such as "not a man on earth has among his clientele, and friends, more kings, dukes, millionaires, adventurers, celebrities or beautiful women."

Wiry and charming, Davidoff recalled through blue smoke another client, now dead, who visited his father's first shop in Switzerland: "He had a thin face, brilliant eyes and spoke in a loud voice. I remember him quite vividly." Davidoff still has Vladimir Ulyanov's bill, which remained unpaid when Ulyanov became Lenin.

Davidoff never returned to Russia—"I don't like the system there"—but has had to deal with the problems of Communism on the commercial front. The Castro regime initially abolished the 960 Cuban varieties in favour of a single People's Cigar. "They just didn't sell." Davidoff tells me, claiming he was instrumental in persuading Castro's emissaries to restore diversity. But Davidoff's almost romantic interest in cigars far outweighs politics. He is fond of quoting Franz Liszt: "A good Cuban cigar closes the door to the vulgarities of the world." He himself smokes two a day. No more? "It's a luxury item."

Rubbing it in

One of our far-flung readers, spurred on by the recent survey I mentioned on teachers' spelling mistakes, has sent me a page from the Kuwait telephone directory. It is an insert which is repeated throughout the book urging readers: "Address your latters correctly."

Observer

ECONOMIC VIEWPOINT

The future of the British boom

E OF my more sceptical ...ers were surprised to find ... article in the Lombard ...mn on June 12, 1978 en...d "Why the Economy is ...ming" in which I predicted ... for once, the official ...omic forecast of 3 per cent ...al growth would prove to ...n underestimate and that ...umers would enjoy a boom ...likes of which they had not ... since the peak of Super... in the late 1950s. One or ... businessmen wrote to say ... they had seen no boom; ... Mr. Healey thought my ...th estimates exaggerated.

...w that the statistics are ...aning to arrive, it can be ... that if anything I under...d the extent of the boom. ... output measure of the ...onal Product rose at an ...al rate of 5½ per cent be...n the last quarter of 1977 ... the second quarter of this ... Even if North Sea oil is ...ided (and why should it ... the rise works out at ...t 4½ per cent. The Indus... Production Index has been ...g this year at an annual ... of about 9 per cent (about ...r cent without oil); retail ... volume by a similar per...ge. Yet, curiously for those ... apply a simple economic ...pretation to politics, the ...c opinion polls refused to ... in Labour's favour; and ... the normal summer swing ...rds the Government took ... in reverse.

...art from purely political ...rs, such as the disintegra... of Liberal support, I sus... that the Government's poor ...ng in the polls reflected ...y time lags. It takes a ... months to convince a ...al electorate that the bulk ...ts members really have ... had it so good. By next winter or spring the message may have got home, even though the pace of the boom will by then have moderated; and Labour may then have a better chance than it is now fashionable to suppose.

The economic prediction was easy enough to make because both the real money supply and the more conventional indicator of real disposable income were pointing sharply upwards; and this was one of the rare periods when a very short-term prediction was of some value.

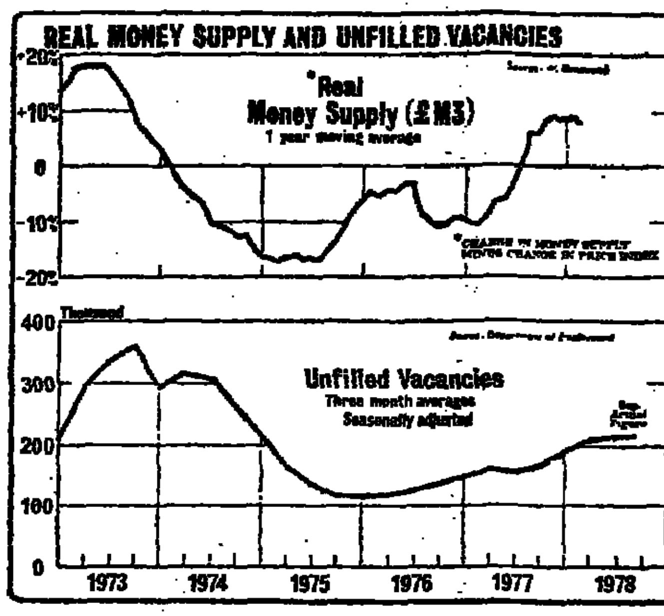
But I shall not withhold my own guesses. To begin with, the upturn will continue for longer than most people think into next year—although at a somewhat reduced pace. Even though the 5 per cent wage guideline will not be literally observed, wages will rise much less than cynics now suppose—for reasons which have almost nothing to do with incomes policy and nearly everything to do with the exchange rate. UK entry into a European monetary arrangement next year—or even its anouncement—could also give the boom a new lease of life when it would otherwise flag. Mr. Callaghan's attachment to the European monetary arrangement is greater than generally realised; and Mr. Healey's more critical remarks in Washington this week belong to the realm of negotiating tactics.

The UK boom might be extended further by a supposedly once-for-all devaluation on the eve of entry into a new European currency snake. If the financial markets can be persuaded that the devaluation is a prelude to a new regime of monetary stability, and will therefore not be soon repeated, such a devaluation might even exert an old-fashioned stimulus and prolong the boom still further.

The optimistic features I have been discussing relate entirely to short-term variations of a business cycle, stop-go kind. Any politician who cites them should be immediately reminded that underlying performance continues to deteriorate. Despite the present boom, total output this year is unlikely to be more than 4 per cent above the previous peak of 1973 even on the new re-based index. Without North Sea oil the rise would have been 2 per cent—or less than ½ per cent per annum. Nor can all this be blamed on supposedly deficient demand. The productivity growth gap between the UK and the rest of the EEC was narrowing in every previous trade cycle and almost closed in 1969-73. But since the latter year, the UK has again fallen far behind in output and productivity, so that all the old league tables which one might have hoped to see buried are being resurrected.

The reasons for the deterioration are not mysterious. They are in large part due to just that detailed "micro-economic" interference and the greater influence of the TUC (itself due largely to pay policy) in which politicians such as Mr. Callaghan, Mr. Healey, Mr. Heath and Mr. Prior take such pride. But at least Mr. Callaghan and Mr. Healey did not preside over a monetary explosion, or over statutory pay controls after which Mr. Jim Prior, who has learned nothing from his richly merited defeats of 1974-1975, still hankers.

Let us however return to the more topical short-term issues and the very sharp spurt in output and consumer incomes now taking place. Not only has output risen unusually fast in 1978, but the buying power of British output in overseas markets has increased. The terms of trade have improved by over 4 per cent in the course of 1977 and by another 3 per cent or so so far in 1978. The major influences here have been weak world commodity prices and an improvement of sterling.



It is this strength of sterling which has enabled British workers to enjoy wage increases of 14 or 15 per cent over the past year when prices have been rising by only 8 per cent. On top of this they have, after years of phoney tax cuts, been enjoying some real tax cuts, which have further boosted their spending power.

Few of these forces can continue for many months longer. The tax cuts have been made possible because of Government underspending in 1977-78 which led to a shortfall in the public sector borrowing requirement. Now, however, public expenditure seems to be rising at least in line with the national product; so any further reliefs could come about only through a hazardous exercise in fiscal stimulation. Nor is it possible, even on the most optimistic view of productivity trends, for real pre-tax wages to carry on rising by 6 or 7 per cent annually. The only question is how the deceleration of real earnings is to come about.

So whether one looks at demand, supply or probable public policy a slowing down of the present boom is likely. But this still leaves open the question whether the rise in output will merely decelerate to a more sustainable pace, or whether we are to have a growth recession, bringing with it renewed stagnation and a resumed increase of unemployment.

The difficulty about predicting the movement of real output and employment is the collapse of any useful theory for the purpose. At one time both Keynesians and monetarists would have agreed that an expansion of the Public Sector Borrowing Requirement, together with an accommodating money supply increase, would provide a short-term stimulus to output; the disagreement would have been about the longer-term effect. Today, however, respectable support can be found for the views that a higher PSBR would be expansionary, contractionary, or have no effect at all.

Faced with this theoretical confusion, I have found that the best pragmatic guide to business cycle movements has been the change in the "real" money supply, i.e. the percentage change in money (sterling M.3) *minus* the percentage change in prices. The chart shows that this was negative during the "stagflation" years of 1974 to 1977, but became strongly positive in the second half of 1977, thus heralding the present boom.

What, however, is likely to happen to the real money supply from now on? The nominal money supply, which figures in the headlines, has been experiencing some pretty wide fluctuations, reflecting the involved and baffling methods by which governments and central banks set about the task of monetary regulation. But the Greenwell calculations of an underlying rate of monetary expansion of 12 per cent —after allowing for the distortions of the official control methods—seem to be about right.

The crucial question then becomes: what will happen to prices? The most important short term determinant of prices is almost certainly the exchange rate, not only because of its effect on import costs, but also because it determines the sterling prices which companies can charge in competition with overseas suppliers in both home and export markets. On economic grounds there is every reason to expect the present sterling rate to remain reasonably firm against the basket of currencies for the next few months. The weakness of the dollar, the moderate tightness of British monetary policy, and the impact of North Sea oil all point in that direction.

What could happen to falsify this projection? The most likely thing in view is not so much a dollar recovery as market expectations of a devaluation prior to joining a currency snake. Nowadays it is almost impossible to suprise the market with a devaluation—the market will do the job itself while the pound is still floating. But if it did so too early the inflation rate would be well into double digits by mid-1979.

Assuming however that sterling holds up at least into early 1979, the rate of increase of wholesale prices of UK manufacturers will not be able to diverge very much from the world rate of about 8 per cent. Allowing for services and non-traded goods, this would give a UK inflation rate of 9 to 11 per cent well on into 1979.

In these circumstances, so far from prices being determined by wages, as the pay policy theologians suppose, wage increases will be determined by the prices which employers competing with overseas producers can afford to charge. So far from there "having to be" a pay norm for the state sector, the main contribution that the public services can make to stability is simply to follow the private sector with variations reflecting individual supply and demand conditions.

Moreover, in following the course of wages, it will be important not to be mesmerised by individual headline settlements such as Ford, which are often not the pace-setters of establishment mythology, and to follow instead the rather less glamorous trend of the earnings indices. My own view is that they will show earnings increases of 12 to 13 per cent. Although quite incompatible with the official guidelines, these would allow a modest *continuing* increase of real earnings; and they would be compatible with the 9 to 11 per cent inflation rate. They would also leave room for a small increase of the real money supply and for a slower but continuing rise in output of say to 2 to 4 per cent per annum, which will not take up the largely mythical slack in the economy, but is realistic.

Meanwhile we shall continue to pay a high price in longer term efficiency, erosion of the rule of law, and public hypocrisy, in pretending to have an incomes policy when what is really in operation is a money supply plus exchange rate policy.

Samuel Brittan

Letters to the Editor

...emocracy and ...ions

...Mr. B. Cole.

— Mr. G. S. D. Wolf (Sep...r 23) continues the com... argument that "for unions ...ntrol their members is un...cratic. The important thing ... members to control their ...s." He is incorrect in using ...word "democratic"; he is ...ibing anarchy.

...our body politic, democracy ...ctised by government (i.e., ...il) of the people by their ...d representatives. What ...guishes democracy from ... forms of government is ...that the rulers are elected ...an be replaced if they do ...roadly, reflect the views of ...majority of citizens. It is ...except to some degree in ...erland) that the elected ...entatives cannot take deci... which bind citizens without ...explicit support.

...s clear that trades unions ...equired enormous political ... in Britain — in my view ...se of the cynical irresponsi... of the Labour Party. How...hat may be, it is surely ...s that they do not, in fact, ...e responsible democracy.

... present Ford dispute is ...imple. It cannot be other ...ullying for the men to say ...d: "We want 60 per cent, ...offer of 5 per cent is an ... and we won't work until ...ncrease the offer." It is ... clear breach of last year's ...ent, which still has a ... to run, to strike without ...the agreed grievance pro... The union does not ...eem to be trying to show ...en that their conduct is ...ourable.

... *position is indeed ex...*d clearly by the TGWU ...al organiser, who said that ...*ion "could not accept a* ...ent on the basis of a self...ng productivity deal . . . ...e that would be acquiesc... the incomes policy White ..." In other words, even if ...npany gave the substance ... claim, it would be un...able because the form ...be wrong. The union is ...lly defying not only man...nt and the decent norms ...operative industrial beha... but also the elected ... government and the basis of our democracy.

...litician who trims his poli...*to* short-term personal ...age is rightly despised, ...ill inclined to lose his ...lity with the electorate. A ... leadership which ...ns expulsion to strikers ...ify union instructions to ... to work, and then ...y retreats and declares ...ke official, is not yet seen ...same light. How can the ...f our electorate and union ...rship be brought to see ...nage this attitude is caus... our society and their own ...d of living — and not just ...economic sense?

...ole.

..." Wood,"

...hire Avenue, Amersham, ...ghamshire.

...t at home ...callers

...Ir. D. Shepherd

... I am in complete agree...with all that Miss J. L. ... has to say ("Name ...ig" September 23), ex...at when faced with the ...n/surname combination ...she favours on the tele... but not, presumably, in ...ondence, I am faced with ...ce of being presumptuous ...essing her as Mrs. when ... Miss, or vice-versa, or ...rossly familiar by using ...stian name, or downright ... using her surname.

All in all, it is not an easy life on the telephone, and I sometimes feel that the solution lies in a story which was published in your column some years ago concerning one of your correspondents who rang up a former ambassador at his home! "Mr. Smith is not in," came the reply. "But Mr. Smith," said my colleague, "I recognise your voice." "Granted for a moment that it is Mr. Smith," came the immediate response, "he is surely the best judge of whether or not he is in."

David Shepherd.
82, Seafield Road,
Southbourne, Bournemouth.

Telephone manners

From Mr. W. Goodchild

Sir,—Fifty years ago, every schoolboy knew "le telephon dit 'Allo Allo'!" In those days I worked in an old fashioned office where incoming calls were sometimes countered with the statement "I'm sorry Mr. Blank does not use the telephone. Please write." Our chief clerk would answer the phone with the curious question "Are you there?"

The candlestick type of instrument was perfect for dealing with obscene calls—you just put the earpiece by the mouthpiece, and the resulting electrical shriek temporarily deafened the miscreant at the other end. Nowadays, I am told, a police whistle, kept by the instrument, can be blown to quench the abuse.

But what can give more satisfaction when faced with a rude or irritating caller than the gentle depressing of the controls —and, if he calls again, is met with the bland statement "I'm so sorry, we seem to have been cut off."

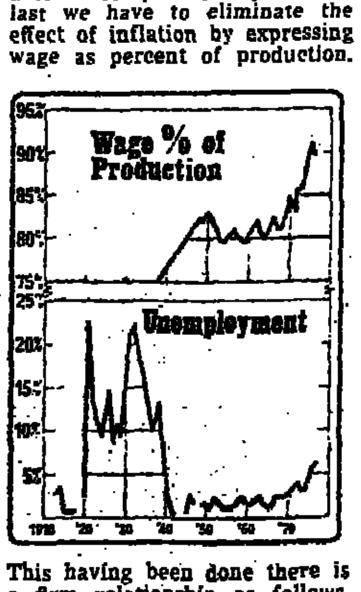
Walter Goodchild.
57 Summerdown Road,
Eastbourne,
East Sussex.

Wages and work

From Mr. J. Lunt.

Sir,—Wynne Godley (September 8), is concerned about the correlation between wage and unemployment. Samuel Brittain apparently also, and Mr. Godley has concluded that there is no correlation. Here he is quite mistaken, there is indeed a very real correlation between the level of wages and of unemployment, but *it is by no means at all linear.*

In the first place so as to be able to compare this year with last we have to eliminate the effect of inflation by expressing wage as percent of production.



This having been done there is a firm relationship as follows. There is a right level of wage, about 80 per cent as in 1955, at which unemployment is minimal. If however wage is above or below this level there will be unemployment, which will tend to increase because high wages go up and low wages go down.

This is of course to be expected. When wages are too low workers cannot buy goods, and so we have (Old) unemployment due to lack of demand. If however wages are too high, workers can more than pay for goods, and prices rise — inflation —but it is investors who are short changed, so we have (New) unemployment due to lack of investment. Herewith a chart showing behaviour over the years.

James G. Lunt,
10 Arlington Road, Cheadle,
Cheshire.

Payment by results

From Mr. E. Dyke

Sir,—The workers at Ford claim they have produced the company's record profits from which they now wish to extract a 30 per cent pay rise.

A case no less valid can be put for Ford's customers in support of a price reduction. Given this the logical progression is that in time, even the lower paid will be able to buy a new Ford car. The surest road to full employment and economic growth.

It appears, however, that all men may not be brothers and the probability is that those with sufficient muscle will secure the higher wages they seek, no doubt hidden within some obscure "productivity" deal.

Having been nursed within the traditions of a fair day's work for a fair day's pay I find it difficult to understand what is meant by "productivity." Can it be the day is not far distant when one is formally employed at a given wage *to* work, and then paid over and above for what one produces at work?

E. D. Dyke.
19, Approach Road,
Margate, Kent.

Farm machinery buying

From the Director General
The Agricultural Engineers Association

Sir,—The voice of John Cherrington is unique and valued by many in the farming world, but one feels that the readership of September 22 is entitled to a more balanced view from its Agricultural Correspondent. His article on farm machinery was a personal view; he did not attempt to gather the views of the relevant trade associations.

For the record, buying has not collapsed; it has moved to more normal levels following the heights it reached during recent years and referred to in the article. Neither is the market for tractors and combines dismal.

We enjoy Mr. Cherrington's opinions, but we would appreciate a little more objectivity.

F. Dean Swift,
6, Buckingham Gate, S.W.1.

Small businesses and banks

From Mr. C. Bryson

Sir,—Mr. Corby's letter (September 20) concerning bank finance for small businesses raises a number of questions.

In the current debate there seems some confusion or lack of precision in the term "small business." Mr. Corby states that a small businessman will often not be able to present his case to a banker in a skilled manner and often gets into difficulties because of financial inexperience. As a bank manager, I would agree that many "one-man" businesses with up to 10/20 employees come into this category.

As a contrast, however, it is reported in the current issue of the Bankers' Magazine that at a recent European conference on the subject, the most frequently quoted concept of a small business was one with 100/200 employees. I would think it true that companies of this size would generally have a reasonable degree of financial control and be able to present their case to a bank in a satisfactory way.

So what is a "small business"? —I wish I knew! I think it would be helpful if an indication of the size of business and finance required could be made when commenting on the whole question.

Mr. Corby mentions that banks may not be able to assist small businessmen due to lack of security or because of the risks involved. Now, with respect, I fear that no amount of "early specialist training" for bankers is likely to help finance risky business ventures unless there is a reasonable degree of security for the bank. For example, banks are regularly approached by customers considering setting up a new business. They usually have no experience, little security and only optimism to justify their request for 90-100 per cent finance. It is really not surprising that we cannot help in such cases.

Sadly, the list of bankruptcies and company liquidations continues to grow and banks must surely continue to be selective in their assistance with such approaches.

The question is posed of bankers "getting closer" to their small company customers. Now, the sheer volume of such accounts means that with the best will in the world the average bank manager is unlikely to be able to visit each business customer more than, at most, twice a year.

If we are talking of providing an in-depth specialised review of a particular business then clearly such a time-consuming service will need to be selective and, of course, paid for by the customer. No doubt the banks will develop such specialised services but it would be unrealistic to expect that more than a small percentage of business customers could regularly avail themselves of such special attention.

I am a little puzzled by Mr. Corby's comment concerning the "vast" amount of business at present going elsewhere. Who is providing this alternative finance at present for the sort of business he indicates in his letter, i.e., risky and inadequately secured?

C. D. Bryson.
80, Wood Ride,
Petts Wood, Kent.

A temporary jobs system

From Mr. B. Gleadow.

Sir,—Mrs. Mills (Sept. 22) makes some popular claims about the effects of social security on unemployment levels. But there is no hard evidence that social security is a major cause of unemployment. Cutting little bits off social security will in certain cases not be socially just nor will it greatly effect unemployment.

May I however enlarge on her suggestion that the unemployed be required to have a go at some sort of job even if they are not ideally suited to it? It is not much use enforcing this requirement after six months of unemployment as she suggests; that is little different from the existing system. This requirement should be enforced if possible within the first week of unemployment and for the following reasons.

It is inevitable that a certain proportion of the workforce is not suited to the available vacancies and this is a fact of life in West Europe, East Europe or anywhere else. This unsuitability is temporary because it is a statistical certainty that the right vacancy will appear sooner or later. Meanwhile is it not better that such people do something, even if not ideally suited for it, than nothing? Perhaps some sort of temporary subsidy would be required to price them into the job concerned, but as long as the subsidy is within reason, that is still better than doing nothing.

Minimum wage laws and union wage rates have exacerbated unemployment in that they mean a person must be ideally suited to his job otherwise he may not be an economic proposition. The above system gets round this.

There are those dissuaded from work by social security, with which Mrs. Mills dealt. The claim of these people is that they want work but cannot find it. So why not call their bluff? That is what the above system does and it is a better way of dealing with this particular problem than cutting social security.

While there are, as Mrs. Mills claimed, considerably more than three causes of unemployment, a temporary jobs system of the above sort which kills three birds with one stone is worth serious consideration is it not?

B. Gleadow.
4, Newcastle Terrace,
Durham.

Building a yacht

From the Managing Director,
Bideford Shipyard (1973)

Sir,—May I correct the statement in the otherwise useful article on the Technical Page of September 26, that the copper-nickel-hull motor yacht Sieglinde-Marie has been built by the Copper Development Association.

Some Devon workmen down here would like to point out that this vessel has, in fact, been built by Bideford Shipyard (1973) for a private owner and to the design of his consultant, Mr. F. D. Hudson, who has incidentally, designed the sailing ship called Winston Churchill.

The 6 mm thick alloy sheet was supplied by Yorkshire Imperial Metals and because of the special techniques involved, this yacht had welders specially trained in the different techniques required and developed with Inco (Europe). I think it should be made clear that the Copper Development Association, far from building the vessel, is simply a spokesman in this case for the material suppliers.

G. W. Trinder,
Bank End,
Bideford, Devon.

Management with a smile

From Mr. D. Fenn

Sir,—I refer to Michael Dixon's article of September 26 in which he announces a 1979 European championship in management games following UK national championships attracting entries of up to 1,000.

It would indeed be interesting to know why participants are so underemployed that they can waste time and energies on unproductive activities.

If these people are so expert at making business type decisions against the pressure of time and competition, why are they not doing it in real life and therefore benefiting their companies and the gross national product in everyone's interest instead of competing for the Gold Medal which will no doubt be presented in Olympic style with 1, 2 and 3 on the podium with the respective national flags being raised accompanied by anthems.

D. J. Fenn.
6, Cole Park Road,
Twickenham, Middlesex.

Today's Events

GENERAL

IMF/World Bank meeting in Washington ends—new IMF managing director Mr. de Larosiere sums up.

Mr. John Vorster, South African Prime Minister, retires—ruling National Party Parliamentary caucus meets to elect successor, and also to elect a President.

President Sadat of Egypt speaks to nation on results of Camp David

Council of Europe Parliamentary assembly in session at Strasbourg until October 5—Mr. Dom Mintoff, Prime Minister of Malta, addresses council as chairman.

NATO-Warsaw Pact 19-nation conference on European troop reductions reassembles in Vienna.

British Institute of Management Conference on "Pay and Productivity" at London Hilton.

National Union of Agricultural and Allied Workers statement on agricultural land nationalisation.

British fleet auxiliary Tarbat Ness visits Piraeus, Greece, with exhibition of military equipment (until October 4).

OFFICIAL STATISTICS

Department of Energy publishes details of energy trends.

COMPANY RESULTS

Final dividends: Amber Day Holdings. Charterhall. Footwear Industry Investments. Galliford Brindlay. HTV Group. R. D. Martin and Co. Sime Darby London. **Interim dividends:** Aberdeen Construction Group. APV Holdings. C. T. Bowring and Co. Brown Bros. Corp. Combined English Stores Group. Dunlop Holdings. Alexander Howden Group. P. and W. MacLlellan. Wm. Morrison Supermarkets. Owen Owen. Ready Mixed Concrete. Vickers. Whatman Reeve Angel. **Interim figures only:** Berger Jenson and Nicholson. James Finlay and Co. Frank G. Gates. J. Hewitt and Son (Fenton). George Wimpey.

COMPANY MEETINGS

Benn Brothers, 25, New Street Square, EC, 12.30. Fitch Lovell, Connaught Rooms, Great Queen Street, WC, 12. Forminster, Mayfair Hotel, Berkeley Street, W, 9.30. G. R. Francis, Metropole Hotel, NEC Birmingham, 2.30. Geevor Tin Mines, Pendeen, Penzance, Cornwall, 12.15. McCarthys Pharmaceuticals, Furze Hill Restaurant, Ingatestone, Essex, 11. Laurence Scott, Abercorn Rooms, Great Eastern Hotel, EC, 12. Redland, Plasterers Hall, 1 London Wall, EC, 12.15. F. H. Tomkins, Post House Hotel, Great Barr, 12.

COMPANY NEWS

L & G Holds £9.5m as loss on underwriting jumps fourfold

AN INCREASED operating profit for the first half of the year of £7.9m, against £7m, is reported by **Legal and General Assurance Society**, despite a poor underwriting performance over the period.

The underwriting loss in the six months amounted to £3.6m against a loss of only £0.9m in the first half of 1977. The drop was compensated by a £2m rise in investment income to £9.9m, a slight increase in life and pension profits to £4.2m and slightly lower expenses of £1.2m, so that the pre-tax profits amounted to £9.5m, against £9.6m in 1977. A lower tax charge enabled L and G to record a better operating profit over the period.

The group's underwriting results were affected both by the adverse winter weather in the UK, the weak Australian market and the current problems in the reinsurance market. The UK account showed a loss of £0.58m compared with a virtual break-even position in 1977, with severe fire and bad weather losses in the first quarter accounting for the situation. The company reports a much improved underwriting position in the second quarter.

The reinsurance account, almost all of which comes from the Victory Insurance, the reinsurance subsidiary, had a loss of £1.11m at the half-year stage. The company points out that international reinsurance results were difficult to gauge until late in the year, but it was considered prudent to provide for an underwriting loss.

The Australian account also deteriorated markedly from a break-even position to a loss of £1.08m. This result, however, confirmed the results of other insurance companies in that country and reflects the fiercely competitive position. Mr. Peet, chief executive of L and G, states that the group is prepared to forego business rather than participate in unjustifiable rate-cutting. The loss arises from the further strengthening of reserves for Workers' Compensation business.

Business in the rest of the world also showed a deteriorating underwriting position with losses more than double those of last year. Business in France and Spain continued to be unsatisfactory.

Overall, world-wide net premiums increased by 19 per cent on the period to £75.1m, with the growth coming mainly from the UK and international reinsurance.

The rise in investment income came from continued high yields obtainable on rising funds, but L and G also include the profit from its managed fund subsidiary in the investment income figure. This subsidiary, which provides investment management services to pension funds through a series of pooled funds has recorded rapid growth over the period and now has funds under management approaching £1bn. The contribution to investment income in the first half of the year was £2.5m gross (about £1.2m net) compared with a net contribution of £1.4m for the whole of 1977.

Worldwide individual life business continued to grow steadily. In the UK, new life business rose by more than 30 per cent compared with the first half of 1977 to reach a record £10.7m in new premiums. Mr. Peet says that new business in the second half of 1978 was likely to be less buoyant owing to a decrease in mortgage lending by the building societies. However, he anticipates a good result at the end of the year.

The company's new unit linked operation launched in October last year, has made encouraging progress and the funds now managed amount to £8m," he adds.

Premium income from pensions reached £158.9m (£146.6m) and from individual life £79m (£67.3m).

The net interim dividend is stepped up to 2.263p (2.057p). The final last year was 3.66p.

A geographical analysis of short term business premiums shows UK £31.3m (£26.1m); Australia £11m (£10.8m); rest of world £4.5m (£5m); international reinsurance £24.8m (£18.3m); and marine £3.5m (£2.7m).

A similar analysis of underwriting loss shows UK £0.58m (£0.03m profit); Australia £1.08m (£0.05m); rest of world £0.91m (£0.38m); international reinsurance £1.11m (£0.58m); and marine profit £0.03m (£0.03m).

	Half-year 1978 £m	1977 £m	Year 1977 £m
Long-term profits*	4.2	3.9	8.2
Underwriting loss†	3.6	0.9	3.9
Invest. income	9.9	7.9	15.9
Share assocs.	0.2	0.1	0.3
Expenses	1.2	1.4	3.1
Pre-tax profit	9.5	9.6	17.4
Tax	1.5	2.5	3.9
Minorities	0.1	0.1	0.2
Attributable	7.9	7.0	14.2

* After tax. † On short-term business, arrived at after taking credit for £1.7m—the current assessment of the release due to the change to the "date of inception" method for calculating the provision for unearned premiums for UK business at January 1, 1978.

See Lex

Terry Kirk

Lord Caldecote, the chairman of Legal and General Assurance . . . first quarter particularly unfavourable in the UK

HIGHLIGHTS

Group operating profits at **Legal and General** are £1m higher at the half-way stage despite an underwriting loss of £3.6m. Interim profits at **Tootal** are 9 per cent reflecting poor exports (UK are a third lower) due to Nigerian import restrictions and some tailing off in Middle East spending. **Foseco Minseps** has been finding the trading climate over the past five years or so increasingly tougher and there are no signs that the trend has been broken this year with first-half profits only 7 per cent higher. Elsewhere, **Alpine Holdings** has shown strong recovery *now that it has cleared the decks of the loss-making activities* and could be heading for full year profits in the region of £1.8m. Growth at **Campari**, however, has slowed considerably with profits only 7 per cent higher on the year against a gain of 85 per cent last year.

Provincial Ins. down at halfway

AN UNDERWRITING loss of £655,000 at the half-year stage, against a corresponding profit of £572,000, resulted in pre-tax profits of **Provincial Insurance** falling to £1.7m from £3m in the first half of 1977. Investment income was marginally higher at £2.9m compared with £2.8m and there was a small contribution of £35,000 profit from life business. Tax and minorities accounted for £771,000 compared with £1.4m so that there was a net profit over the period of £910,000 compared with £1.57m.

The disappointing underwriting results reflect an extremely difficult first quarter. But it has been followed by a substantial improvement in the second quarter. Total reserves at the end of June amounted to £46.1m compared with £35.5m at the end of December and the solvency margin over the period improved to 66.5 per cent from 60.5 per cent.

The company reports buoyant life business over the first half of 1978. New annual premiums advanced by nearly 70 per cent to £419,000 from £248,000, while single premiums were 75 per cent higher at £1.07m against £613,000. Single premiums on annuity business jumped to £734,000 compared with only £57,000 in the same period in 1977. New sums assured totalled £20.2m compared with £18.6m.

The interim dividend is 6.5711p net—equal to 9.8076p (8.916p) gross.

Malayan Cables hit by loss of major orders

Malayan Cables Berhad, the 53-per cent subsidiary of British Insulated Callenders Cables, suffered a setback in its half-year results, incurring a loss of 370,000 ringgits, compared with a pre-tax profit of nearly 2m ringgits for the previous first half.

The directors said the loss was largely due to the discontinuity in orders from the company's major customer for telephone cables. However, the company was awarded a 39m ringgit contract by the Malaysian telecommunications department in August, and second-half results should reflect a steady improvement in profits, the directors comment.

Jove reaches £0.2m mid-year

Net revenue of **Jove Investment Trust** amounted to £201,603 for the half year to August 31, 1978. This compared with an estimated £160,000 last time had the results of Kingside Investment, acquired in June this year, been included.

Earned income per 10p income share for the first half was 1.42p and net asset value at halftime stood at 50.4p or 2.9p per capital share. The net interim dividend is, as forecast at the time of the acquisition, maintained at 1.7p. The total for 1977-78 was 3.5p.

Thomson T-Line £119,817 deficit in first half

DUE MAINLY to the continued recession in the touring caravan industry, **Thomson T-Line Caravans** reports a pre-tax loss of £119,817 for the first half of 1978 compared with a £58,965 profit last time. External sales were down slightly from £2.18m to £2.12m.

The directors say that the recession necessitated a reduction in the company's work force to match the lower demand, and resulted in considerable redundancy payments.

For the whole of 1977 the company incurred taxable losses of £23,460 compared with profits of £160,772.

There was a tax credit for the six months of £72,306 against £30,662 charge, reducing the deficit to £47,311 (£28,303 profit), giving a loss of 2.92p (1.46p earnings) per 25p share.

The net interim dividend is unchanged at 1.65p net, costing £25,450—last year's final was 1.65p also.

In March 1978, the company disposed of its interest in the Kinceraig Caravan site, at Elie, Fife. This site was held in the company's books at £144,686 and realised a total of £203,928. The surplus of £59,242 has not been incorporated in the results.

Rosedimond improves

After-tax revenue of **Rosedimond Investment Trust** for the six months to July 31, 1978, improved from £122,236 to £126,476 on gross income of £255,666, against £213,874.

Net asset value per 25p share at half-time reached 131.7p (83.8p) and earnings came out at 2.11p (2.04p). The net interim dividend is raised to 2.1p (2p)—the second interim last time was 2.18p.

Improvement at Modern Engineers

Reporting an increase in pre-tax profits from £204,023 to £255,659 for the first half of 1978, Mr. I. W. Adler, chairman of **Modern Engineers of Bristol (Holdings)**, says results for the full year should show a further improvement. Half-time profit is already marginally ahead of the £252,182 for the last full year.

The interim dividend is stepped up from 0.9735p to 1.07p net per 25p share—1977 total was 2.6955p.

The slight upturn in the construction industry was reflected in satisfactory intake of new orders and increase in output in the engineering division during the first half.

The metal treatment division was mainly engaged on pipe coating work and efforts are continuing to achieve and maintain a regular production flow.

Building services is negotiating with several industrial clients to provide their technical expertise and the property development division is finalising the sale of the major remaining investment property.

Higher interest payments and exchange loss hit Tootal

MAINLY BECAUSE of adverse exchange rate movements and higher interest charge, taxable profit of **Tootal**, thread and textile manufacturer, was cut from £8.84m to £8.04m in the six months to July 31, 1978, on sales ahead to £194.4m, against £180.5m last time.

However, the directors say that the order books indicate improved profits for the remainder of the year. Overseas performance exceeds that of the first half of 1977 and this trend is expected to continue. Last year the group expanded the surplus by close on £4m to a record £21.77m.

In the UK trading conditions during the half year were difficult and the surplus at the trading level slipped back to £11.83m (£12.03m). The exchange loss reached some £300,000 and profit was struck after interest of £3.79m (£3.2m).

The net interim dividend is raised to 1p (0.9p) per 25p share—the final last time was 1.8238p.

Tax of £3.19m (£4.12m) left the net balance higher at £4.85m (£4.72m). If the new basis for providing for deferred tax had been applied last year the first half tax charge would have been about £500,000 lower.

The acquisition of the 40 per cent stake in Bradmill Industries of Australia and the proposed merger with that company of the group's Australian household textile and clothing interests will not have a significant effect on profits before tax until 1979.

	Half-year 1978 £000	1977 £000
External sales	[illegible]	[illegible]
Trading profit	[illegible]	[illegible]
Interest	[illegible]	[illegible]
Pre-tax profit	8,038	8,837
Tax	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
To minorities	[illegible]	—
Extraord. debits	[illegible]	[illegible]
Pref. dividend	[illegible]	[illegible]
Attributable	4,225	4,559

See Lex

C. Walker sticks to forecast

PRE-TAX profits of **C. and W. Walker Holdings** was marginally ahead from £529,000 to £533,000 for the 26 weeks to July 29, 1978.

In his annual statement in May, Mr. G. Lewis, the chairman, said that further profit growth had been budgeted for in 1978 and, subject to unforeseen interruptions, the directors expected to meet this forecast. The 1977-78 pre-tax figure was £746,727.

Included in the first-half figures are the £33,000 losses and termination costs incurred from *subsidiary F. Atkinson (Deutschland) GmBH*, which ceased trading on June 30, 1978.

Turnover for the period was ahead from £2.75m to £3.20m. The directors state that productivity in the UK continued to improve, but order intake during the second quarter fell below budget. However, since the middle of the year group companies have experienced an upsurge in both the quantity and quality of enquiries, which they say should affect order intake for the later part of the year.

Against an adjusted 11.02p, with regard to the rights issue in August 1977, earnings are shown as 8.96p per 25p share. The interim dividend is stepped up to 2.75p (2.5p) net and the directors intend to declare a final of 3.55p—last year's final was 3.5p.

Walker is a specialist engineer in heavy metal fabrications and fabrications in engineering plastics for all industries.

Alpine Hldgs up £0.5m midterm

INCLUDING £208,000 from Dolphin Showers, acquired on April 20, taxable profits of **Alpine Holdings** rose from £223,000 to £720,000 for the 27 weeks to August 6, 1978. The comparative figure included a £149,000 loss arising from the group's industrial window activity which has been discontinued.

Profit for the full 1977-78 year was £938,000 (close to the group's peak of £956,000 in the 1972-73 year) and the directors then said that with the benefit of a contribution from Dolphin they looked forward to a significant improvement in profits in the current year. They now reaffirm that statement.

Earnings per 5p share are trebled from 1.05p to 3.16p and to reduce disparity the interim dividend is stepped up to 1.34p (0.825p) net—last year's final was 1.65p. The directors add that the increase also reflects the group's policy of progressively increasing dividend payments in line with profits growth.

	27 weeks 1978 £000	1977 £000	Year 1977-78 £000
Turnover*	11,634	7,298	14,325
Cont. activities—			
Double glazing	7,463	5,557	11,999
Dolphin	3,425	—	—
Dreamline	355	362	734
Discont. activity—			
Indstl. windows	110	1,177	2,593
Profit before tax	728	223	938
Cont. activities—			
Double glazing	637	412	1,118
Dolphin	205	—	—
Dreamline	35	28	59
Central admin.	156	159	370
Share of assocs.	3	109	120
Discont. activity—			
Indstl. windows loss	—	149	137
Taxation	374	116	499
Net profit	346	107	437
Extraord. debit	—	[illegible]	[illegible]
Minority interest	4	2	2
Attributable	340	105	739
Dividends (net)—			
Interim dividends	145	85	85
Final	—	—	165

* Represents the invoice value of installations made; excludes returns, allowances, VAT, inter-company sales and sales of associated companies. † Comprise release to profits of [illegible] on disposal of the remaining 49 per cent interest in Alpinair, profit of £32,000 on sale of 40 per cent shareholding in Omaglass in respect of which no tax liability arises by virtue of agreed unutilised capital losses for tax purposes of £1.2m available from previous years, and additional closure costs of £35,000 after tax relating to industrial windows activity.

The group's principal activity, Alpine (Double-Glazing) achieved a very satisfactory contribution to trading in the period, the *directors state: profits include a* contribution from retail selling through Debenhams. Sales and installations continue at a high level in the current period, they add. Sales and installations at Dolphin are also continuing at a high level in the current period.

Alpine Dreamline which sells and installs fitted bedroom furniture is currently experiencing more buoyant trading conditions. A second retail shop has been opened at Ilford and further openings are under review.

The reduced share of profits of associated companies reflects the disposal of investments in Century Aluminium Company, Alpinair and in July, Omaglass. The consideration received by Alpine on this sale was £120,000 cash, resulting in a profit of £32,000, included as an extraordinary item.

● comment

Alpine has pursued a policy of selling off its minority holdings, pulling out of loss-making interests. It is now concentrating on strong wholly-owned profit lines, with its double-glazing side contributing the overwhelming majority of earnings but now joined by Dolphin showers. The home improvement sector of the *economy* is showing considerable consumer spending growth and at the turnover rate shown in the first half Alpine can look for full year pre-tax profits of £1.8m or so, which might enable a gross dividend of around 5p. The company is looking for acquisitions in the home improvement and energy conservation businesses but with the current rate of sales expansion it must be finding it difficult to protect its cash holdings from being absorbed by working capital requirements. Sales of windows through Debenhams stores (around 20 per cent of total window sales) are now showing profits but there may be some scope for improving margins. At 77p the shares yield a prospective 6.6 per cent and a price/earnings ratio (fully taxed) of around 10.

Profits rise at Aspro-Nicholas

Aspro-Nicholas, a subsidiary of Nicholas International, increased turnover from £34.83m to £80.58m in the year ended June 30, 1978, and pre-tax profits rose to £7.45m compared with £5.47m in the previous year.

The profit is after interest of £783,055 against £788,625—tax charge is £4.13m (£3.17m).

Attributable profit amounted to £3.04m against £1.82m after extraordinary debits of £69,219 (£305,503) and minorities.

P & O offshoot slips deeper in the red

Bovis South-east Asia Berhad, the Malaysian-based engineering, construction and property group and a subsidiary of P and O Steam Navigation, is still saddled with heavy losses, arising from poor operation results, high interest charges, and foreign exchange setbacks.

For the first half of the current year, the group reports that it had slipped deeper in the red, suffering a loss of 4.6m ringgits, compared with a loss of 3m ringgits last time.

At operating level, the group suffered a loss of 868,000 ringgits, compared with a profit of 1.5m ringgits, and Bovis said that although larger quantities of rock products from its Karimun quarry in Indonesia were sold, lower prices resulted in a loss at this level.

Further weakening of the U.S. dollar caused an exchange loss of 409,000 ringgits, while the interest burden continued at a high level the directors state.

The group is looking into the disposal of non-income producing assets to reduce borrowings and related interest payments while its long outstanding dispute with the Singapore Government over construction work carried out between 1972 and 1975 is still under arbitration.

Longton Transport

Mr. Alfred J. Dale, chairman of *Longton Transport (Holdings)* told the AGM that the first few months of the current year had started well. All divisions of the group had shown improved results in the first quarter as compared with the same period in 1977 and the chairman expressed confidence that during the current year "we should be able to improve on our present level of profit."

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alpine Holdings	int.	1.34‡	Nov. 17	0.83	—	2.48
Ayer Hitam Tin		150§	Nov. 10	208.33	300	416.65
A. Beckman		3.21	Nov. 29	2.84*	4.38	4.46*
Foseco Minsep	int.	2.1	Jan. 5	1.89	—	4.35
Jersey Electric	int.	4	Nov. 14	4	—	11
Jove Investment	int.	1.7	Nov. 28	1.7	—	3.5
Legal & General	int.	2.26	Jan. 2	2.06	—	5.72
Manders	int.	0.9	Nov. 20	0.82	—	2.54
Startrite Eng.		2.49	—	2.29	3.89	3.40
Thomson T-Line	int.	1.65	Jan. 8	1.65	—	3.3
Throgmorton Secured		1.39	Nov. 2	1.26	2	1.88
Tootal	int.	1	Jan. 5	0.9	—	2.72
Tronoh Mines	int.	25§	Nov. 3	30	—	88
C. & W. Walker	int.	2.75	Nov. 22	2.5	—	6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased to reduce disparity. § Subject to Malaysian tax.

ISSUE NEWS

Southwark issue flops

The application list for the issue of £25m **London Borough of Southwark** 12¼ per cent redeemable stock 1987 offered at £99½ per cent has closed undersubscribed.

WATER OFFER

Arrangements are in hand for an offer for sale by tender of £1.5m 7 per cent redeemable preference stock, 1983 by West Kent Water Company.

RICARDO & CO.

Ricardo and Co., Engineers (1927) announces that acceptances have been received in respect of about 95.9 per cent of the 373,375 new ordinary 25p shares offered by way of rights at 200p per share. The balance has been sold for the benefit of entitled holders.

صلقا عن الأصل

Foseco Minsep tops £8m in first six months

ON increased sales of £100m against £87.24m, profits before tax of Foseco Minsep rose from £8m to £8.36m in the first six months of 1978.

Group sales in all sectors are above the corresponding period of 1977, the directors say. Although the level of world trade has remained depressed, there has been a modest improvement in steel production in many countries and this has benefited the group's steelworks sector.

On the other hand, demand for the group's foundry products reflects the depressed state in many parts of the world. Progress in the Fosroc sector continues to be encouraging.

Earnings per share are shown at 8.7p against 8.3p in the first half and the interim dividend is raised from 1.89p to 2.11p—last year's total was 4.5761p on pre-tax profits of £14.32m.

	Six months 1978 £000	1977 £000
...s	99,991	87,243
...ding profit	9,220	8,153
...rest payable	864	528
...fit before tax	8,356	7,625
...	3,912	3,460
... profit	4,444	4,165
...orities	411	346
...ference dividends	22	22
...ibutable ordinary	4,011	3,797
...idend	972	867

Comprises UK tax £1.29m (£1.14m) overseas, £2.64m (£2.32m).

Alexanders Holdings

Alexanders Holdings, the Ford motor distributors, made an £8m mistake in the turnover figure for the first half announced 12 days ago.

Alexanders gave the turnover as £21.7m but it should have been only £13.7m. The error was made by the company's auditors, F. F. Charles and Co., who added up the turnover figures of the various parts of the group. The figure for one of the subsidiaries, Alexanders Contract Rentals, was correctly given to the accountants as £2.6m. But one of the partners misread a note of this figure which another partner sent to him. Instead of £2.6m he added £10.6m.

The mistake does not affect any of the other figures in the interim results.

Record £0.63m by Startrite

AS FORECAST, the Startrite Engineering Group has produced record pre-tax profits for the year ended June 30, 1978, up 53 per cent to £632,718. At midway, profits were ahead from £156,800 to £214,440.

Earnings per share are given as 25.02p against 21.2p and a final dividend of 2.492p raises the total from 3.486p to a maximum permitted 3.892p.

A one-for-one scrip is also proposed together with an issue of four £1 10½ per cent cumulative preference shares for every 15 ordinary—the directors say this will bring the issued capital up to £1m and give trustee status.

The directors say they are no longer providing in full for deferred tax and the 1976-77 figures have been revised so they are comparable. If full provision had been made, as in previous years, tax would have been £343,101 (£209,161) with £292,617 (£203,125) available for distribution. Earnings per share would have been 19.51p (13.54p) they say.

Following a revaluation of land and buildings and a transfer of deferred tax to reserves, net asset value at June 30, 1978, was said to be 168p.

After the capitalisation issues, the net asset value of the increased ordinary capital will be 71p a share.

Advance by Throgmorton

For the year ended July 31, 1978, Throgmorton Secured Growth Trust, managed by Keyser Ullmann Investment Management, announces an increase in pre-tax revenue from £297,242 to £343,954.

After deducting tax of £131,204 compared with £124,309 revenue improved by 23 per cent from £172,933 to £212,750.

Earnings per 25p share are given at 2.13p (1.73p) and the net final dividend is 1.3875p for a total payment of 2p (1.875p) costing £200,000 (£187,500).

Over the period the net asset value, taking prior charges at market value, rose 29.6 per cent from 134p to 173.7p per share.

	1977-78 £	1976-77 £
Revenue before tax	343,954	297,242
Tax	131,204	124,309
Available for ord.	212,750	172,933
Brought forward	2,434	17,001
Available	215,184	189,934
Interim div.	61,250	61,250
Final	138,750	126,250
Carried forward	15,184	2,434

Pirelli General up £0.38m

DESPITE A lower copper price, sales of Pirelli General Cable Works were up by 6 per cent from £42.91m to £45.49m in the first half of 1978, and taxable profits advanced to £3.38m against £3m last time. Profit for all of 1977 was a record £8.04m.

Tax for the six months took £1.2m (£1.08m) and there was an extraordinary debit, last time, of £477,000. The interim absorbs £0.9m (nil). The amount retained was £1.26m (£1.44m).

The directors state that profit before tax, after adjusting for inflation in accordance with the Hyde guidelines, also showed an improvement over the corresponding period of 1977.

They add that provision has been made for the settlement with the Post Office in respect of cable supplied between 1963 and 1974.

Waring & Gillow to expand furniture side

Expressing satisfaction at the performance of the furniture division of Waring and Gillow (Holdings), Mr. Manny Cussins, chairman, says in his annual statement that this speaks for the directors policy of holding prices at their most competitive and selling high quality goods.

In the latter part of March, 35 retail carpet outlets were opened and are now trading under the name "Hartley Carpets." As these were opened within a matter of days before the end of the year under review, figures were not consolidated in the accounts. Mr. Cussins says that these new branches should make a worthwhile contribution to group profits in the current year.

Additional furniture stores will be opened during the current year and sites have already been acquired for two. The outlook for this division is encouraging, states the chairman. Sales are already substantially higher than in the corresponding period last year.

On the clothing division Mr. Cussins reports that the recession in the clothing industry has not abated and has continued into the current year. As far as the manufacturing section is concerned, new methods and systems of production are being introduced, together with new middle management, to cope with the changing conditions.

As reported on August 4, pre-tax profits for the year to March 31, 1978, expanded from £2.76m to £3.6m. The dividend is effectively increased from 3.21359p to 3.58876p and a one-for10 scrip is also proposed.

Great Universal Stores holds 31.44567 per cent of the company. Meeting, Sheffield, October 18, at noon.

Campari just ahead - plan for scrip to boost payout

A SCHEME to substantially boost its payments above the statutory level has been announced by Campari, the leisure and camping equipment group. At the same time the group reports a further advance in taxable profit from £1.64m to a record £1.75m for 1977-78.

Indication that the board was considering such a move was given at the annual meeting in November following payment of a maximum permitted total dividend for the year of 1.906p net per 20p share at the interim stage.

The package effectively raises the total distribution by 65 per cent through a one-for-10 marketable cumulative convertible 2p preference share issue on which a 10p net dividend per share is to be paid annually from this November. These new shares will automatically be converted into ordinary shares after three years at the rate of one ordinary for every 10 preference.

In addition the company's B shares are converted into ordinary shares and a one-for-10 bonus is being made on that combined holding.

Mr. G. K. Benscher, the chairman, says: "We had hoped to give our shareholders a straightforward dividend increase, but in view of the continued dividend controls, we have devised this benefit scheme. We strongly believe that our shareholders should continue to participate in our growth."

"Should dividend restraint come off during the current year, we would wish to pay at least the same 65 per cent increase for 1978-79. If on the other hand controls are not ended alternative ways of rewarding shareholders will be explored," he adds.

Looking to the current year Mr. Benscher says the directors expect, with cautious optimism some early financial rewards to come from the company's new investments. However it is prudent to take a longer term view as further internal investment might be called up to consolidate the base strength necessary to maximise the financial return of the group's expansion programme.

"In 1978 we accomplished that which we set out to do—to move Campari on to a wider base of Pan European management, marketing and production. Current business is buoyant and our forward order book satisfactory," the chairman says.

Sales by the group which imports and distributes leisure, camping and boating equipment, were £1.64m higher at £15.02m, for the year to May 31, 1978.

Tax credits down from £144,155 to £48,852 this time left not profit marginally up at £1.8m (£1.79m) for earnings per 20p share of 29.15p (28.81p), or 24.99p (24.78p) fully diluted. Retained profit emerged again at £1.68m.

No provision for either UK mainstream or deferred tax on stock relief was required. If full provision had been made for deferred tax, the total charge to profit would have been £909,016 leaving earnings per share at 13.67p (13.02p).

During the year a large proportion of the group's production was moved from Japan into softer currency areas and UK manufacturing facilities were increased.

The new Munich warehouse was completed and came on stream in August this year to service the German market. At home the group bought and fitted out new headquarters at Cricklewood, London.

• comment

Apart from the income boosting preference scrip, Campari's full year announcement fails to excite. Compared with 1976-77's 41 per cent jump, sales are only 12 per cent higher while profits growth has slowed from 85 per cent to just 7 per cent, and the shares slipped 6p to 130p. The new investment programme probably clipped about £100,000 off the profits figure but the main reason for the slowdown is that demand for camping and boating equipment has not been as buoyant (volume sales are only around 4 per cent higher). Prospects for the current year are much brighter however, in spite of the wet summer. At home there has been a strong upturn in consumer spending and this will have its impact as soon as retailers' stocks are cleared. Also, the new Munich warehouse should help boost sales in Germany where profits could eventually outstrip the UK contribution (more than two-thirds of trading profits). The ordinary shares stand on a p/e of 9.5 (fully taxed) while the yield, allowing for the extra income, is 3.4 per cent.

See Lex

A. Beckman slips by £149,000

WITH A slowdown in second half taxable earnings from £1,090,809 to £950,445, A. Beckman, fabrics converter and merchant, finished the year to June 30, 1978, with profit lower at £1,825,000 against £1,974,000. Sales slipped just over £1m to £16.32m.

Tax took £953,000 (£1,021,000) leaving earnings per 10p share at 8.56p (9.35p). A net final dividend of 3.21p lifts the total, as forecast in March, to a maximum permitted 4.98p (4,459p equivalent), and costs £507,000 (£454,000).

Retained profit emerged at £365,000 (£490,000).

UK side helps Manders to 27% rise midway

REPORTING PRE-TAX profits 27 per cent ahead from £1.21m to £1.54m in the first six months of 1978, the directors of Manders (Holdings) say that the outlook for the second half appears favourable. For the full year they expect an improvement on 1977, which produced profits of £2.37m.

After tax of £760,000 against £580,000 the net profit for the first half emerged £147,000 higher at £781,000.

	6 mths 30.6.78 £000	6 mths 30.6.77 £000
UK Paint & Print Ink*	1,190	531
Overseas—Printing Ink	109	165
Property	242	198
Profits before tax	1,541	1,214
Tax	760	580
Net profits	781	634

*Including royalties from overseas companies.

All UK trading operations have been satisfactory with the major contribution coming from improved results in the decorative division. Lower overseas income arises from a further deterioration in the results of the operations in Australia, where a static market and depressed price levels are being experienced.

The net interim dividend is lifted from 0.8216p to 0.904p. Last year's total payment was 2.5423p.

The company operates as a manufacturer of paint, printing ink, etc.

B. Elliott's new division

Gate Machinery, a member of the B. Elliott Group, announces that due to the rapid growth of the company in recent years, a new division, to be known as the Victoria Machine Tool Co., is to be formed on October 1, 1978.

The new company will be responsible for the supply of all the British manufactured and low cost plant which currently form part of the Gate Machinery programme.

Good start by Norton & Wright

For the first five months of the current year, turnover of the Norton and Wright Group shows a substantial increase on the comparative period last year, Mr. D. S. Rocklin, the chairman, tells shareholders in his annual report.

To cater for the increasing demand for the group's products, a six-acre site has been acquired close to the Kirkstall Road premises. A new factory and office complex will be built on this site for expected completion in 1980, the chairman says.

To cope with immediate expansion plans, an additional property of some 11,000 sq ft has been acquired which is also close to Kirkstall Road. This property will be occupied and operational before the end of this year.

For the year ended March 31, 1978, profits before tax increased from £638,836 to £941,033 on turnover of £3.86m against £2.77m. Exports amounted to £1.09m—sales to Scandinavia amounted to 70 per cent of exports, the remainder being mainly to Australia and Western Europe.

Principal activities of the group are the production and distribution of lottery tickets, fund-raising cards and schemes.

Referring to the Lotteries and Amusements Act 1975, the chairman says the group had prepared itself for this market by developing new products which have been supplied by Opax Lotteries International N.V., to local authorities on a national basis through the associate company, Competition Management Services Co.

Commenting on the Royal Commission on Gambling, Mr. Rocklin says many of the abuses listed by the Royal Commission could be prevented by adequate control and inspection at the manufacturing stage and, therefore, while the group endorses the recommendation of the Commission that Gaming Board inspectors supervise manufacturers, "we would welcome more stringent controls by the implementation of a system that would approve and licence manufacturers."

At August 27, the Throgmorton Trust held 5.8 per cent of the group's capital.

Norton and Wright is "close." Meeting, Leeds, October 19.

PHILIP HILL DRAWS MORE

Philip Hill Investment Trust announces that a further U.S. $500,000 of the additional multi-currency facility of $5m announced on June 5, 1978 has been drawn, bringing total drawings to date to $2.5m.

Fraser Ansbacher expansion

SPEAKING TO shareholders of Fraser Ansbacher at yesterday's annual meeting, Sir Samuel Goldman, the chairman, said he hoped it was now possible to say that the process of reorganisation was almost ended.

The last stages of withdrawal from the boatbuilding and marina business still had to be completed, Sir Samuel said. The boatbuilding operations were being run down and would shortly cease.

These were valuable assets and it was intended to secure a fair price for them. On the basis of the professional advice received there was no reason to believe that further provision, beyond the £115,000 referred to in the acounts, would be necessary. "Of course, if it should be required the remaining unallocated general provision is available to meet it," Sir Samuel said.

Henry Ansbacher, the bank, was now the prime operating company with a number of profitable subsidiaries. The traditional merchant banking services would be expanded and new areas of activity investigated.

A return to full profitability and the payment of dividends was in the forefront and must be the principal objective, the chairman said. He welcomed the interest shown in the company by the M and G Unit Trust group through their purchase from Giltspur of 6.7 per cent of Fraser Ansbacher shares.

At the extraordinary general meeting which followed, shareholders approved the terms of the agreement for the sale of R. Fraser Securities to Parkraven Investments.

The directors state they are not yet able to report trading profits as they have concentrated on the further expansion and development of the group's asset base as the first priority, thereby creating a firm platform for future profitability.

As a result of this policy the group's net assets at March 31, 1978, stood at a figure approximately double that at March 31, 1977.

They add that revaluations during the current year, of properties held at March 31, 1978, together with the effect of the transactions anounced on July 27, 1978, and certain transactions shortly to be anounced, will further increase the asset base.

Amal. Stores assets expand

The directors of Amalgamated Stores report a reduced loss of £17,832 for the March 31, 1978, year, compared with £22,836 last time. Turnover was ahead from £153,974 to £273,586.

At the interim stage the company turned in a £12,031 profit against a £42,200 loss.

AB ENGINEERING

The directors of Associated British Engineering state that the preference dividend due September 30, 1978 will not be paid. The company has already announced the payment of six months' arrears on October 19, 1978.

MINING NEWS

Ashton share offering enlivens market

BY JAMES FORTH IN SYDNEY

THE eagerly-awaited public flotation of Ashton Mining values the Ashton diamond prospect in the Kimberley Ranges region of North Western Australia at about A$150m (£88m).

The public is being offered 25m shares at 50 cents each for a 40 per cent stake in Ashton Mining with Malaysian Mining Corporation owning the remaining 60 per cent.

The public issue is being made to take advantage of the recent relaxation of Australian Government's foreign investment guidelines.

The other partners in the Ashton venture are the Rio Tinto-Zinc offshoot, Conzinc Riotinto of Australia with 52.5 per cent, Tanganyika Holdings with 8.2 per cent, Sibeka of Belgium with 7 per cent and Northern Mining with 5 per cent. Ashton Mining has 22.4 per cent.

Sharebrokers are tipping an opening price of at least A$1.00 a share, and perhaps A$1.50.

The front cover of the prospectus carries a caution that Ashton is a speculative investment and that the diamond areas are still very much at the exploratory stage, with much more work needed to reach the development stage.

The prospectus contains a report prepared by Mr. R. Baxter-Brown, a leading South African diamond exploration consultant. The report shows that three main diamond exploration areas of interest have been outlined, the King George Province, the Eastern Province and the Southern Province.

The bulk of the current exploration programme is being carried out in the Southern Province, east of Derby, on a prospect known as Ellendale.

Mr. Baxter-Brown said that the Southern Province, which to date included by far the most important kimberlite discoveries, may be found, following more detailed work, to separate into several discreet kimberlite structures. A total of 18 pipes ranging in size from four to 114 hectares with a total surface area of 516 hectares had been discovered up to July 31. The largest pipes previously reported covered a surface area of about 50 hectares.

"The significance of these discoveries lies in the very large size of some of the pipes delineated, the recovery of commercial sized diamonds from actual excavated and treated pipe rock and the remarkable similarity of this cluster to the classical type areas of Botswana and South Africa," said the report.

The largest single stone found to date weighed 1.76 carats, and was of good colour but had poor crystal shape.

The report said that the geology and structure of the Kimberleys of Western Australia bore a strong resemblance to similar stable shield blocks in Southern Africa and there was therefore "every justification" to explore for diamonds in kimberlite and to expect them to occur in payable quantities.

It could equally be expected that the pipes would occur as clusters. The area covered more than 225,000 square kilometres of essentially unexplored and near-uninhabited country.

The target area was as big as the entire diamond producing area of the central South African plateau, which included such economic diamond producing kimberlites as Finsch, Dutoitspan, Wesselton, Bultfontein, Koffiefontein, Premier, Bellsbank, Star and Swartruggens.

Further comparison showed the target area to be nearly as large as Botswana where, during the past 15 years, exploration had led to the discovery of several major Kimberlite clusters, the report said.

● From Perth, Don Lipscombe adds: The diamond rush in Western Australia accelerated yesterday when four associated companies were granted a total of 800 sq km of temporary reserves for exploration in the Kimberley region, the main area of activity.

In similar announcements to the Perth Stock Exchange, Siberia Nickel, Hill 50 Uranium, Forsayth Mineral Exploration and Lightning Ridge Mining reported commitments to A$50,000 of exploration expenditure each in the first year.

All the blocks take as their datum point Mount North, 130 km east of Derby. Three other temporary reserves have been allocated to companies which, like these four, are effectively controlled by Mr. Peter Briggs, the entrepreneur.

The companies claim that their block will form one of the largest single diamond prospecting areas in the Kimberley region under integrated management. Initial exploration involves aerial photography.

In geological terms the companies stated that the areas selected for exploration covered "a north westerly extension of the palaeozoic sedimentary basin at the margin of the proterozoic Kimberley block."

● Paul Cheeseright writes: In London yesterday, the market greeted the news of these latest Australian diamond developments with unreserved interest. The main focus of attention was inevitably on the Ashton Mining share issue, which drew in buyers for stocks connected with Ashton diamond venture.

But even the Briggs companies, not in recent years of much significance as trading counters, attracted some small speculative buying as they joined their names to the lengthening list of diamond hopefuls.

Whether the interest in the diamond issues will be maintained without solid news is a moot point. It was noticeable in Sydney overnight that the Ashton Mining prospectus had only a short-lived effect on the market.

Conzinc Riotinto, the Ashton venture leader moved 6p higher to 324p, while its London parent, Rio Tinto-Zinc, advanced in sympathy by a similar amount to 246p. Northern Mining, with a small stake in Ashton and a recent record of speculative price fluctuations, went 3p higher to 137p.

Prices for the Briggs companies were Siberia Nickel 11p, Hill 50 Uranium 22p and Forsayth Mineral 17p. There is no market in Lightning Ridge.

Slump in Ayer Hitam profits

THE REPEATED warnings of a sharp drop in profits at Ayer Hitam Tin Dredging, one of the Malaysia Mining Corporation group of companies, were brought to reality yesterday when net profits for the year to June 30 of M$4.9m (£1.11m) against M$16.38m in the preceding year were announced.

With earnings per share down to 81 cents from 269 cents, dividends have been cut back. A final of 90 cents (20.4p), net of Malaysian tax, was declared, bringing the total for 1977-78 to 180 cents against 250 cents, net of Malaysian tax, in 1976-77.

For the past financial year Ayer Hitam's No. 2 dredge has been working low grade tailings. Thus output was reduced to 1,795 tonnes of tin concentrates from 4,134 tonnes the previous year, stopping the company from gaining the benefit of the generally higher level of metal prices.

But a company statement pointed out that the dredges are now operating in virgin ground. This should provide a brighter set of figures for the current year. In the first two months, tin concentrate production at 327 tonnes ran 92 tonnes ahead of the same period last year.

Tronoh Mines Malaysia, another unit of the Malaysia Mining Corporation, is also paying a lower dividend. It has a substantial interest in Ayer Hitam.

An interim for the year to next December of 15 cents (3.4p) net of Malaysian tax, was declared yesterday. This compares with a payment of 18 cents at this time last year and total dividends for 1977 of 32.8 cents.

In the six months to June, Tronoh's net profits were M$5.9m (£1.33m) compared with M$5.86m in the same period of 1977. Helped by higher metal prices the profit on mining operations was nearly doubled to M$8.14m, but the share of profits from associated companies was severely cut to M$4.9m from M$7.58m.

In London yesterday Ayer Hitam shares were unchanged at 345p but Tronoh shares slipped 5 to 225p.

METRAMAR SETS OUT ITS PLANS

Metramar Minerals, the Sydney company which was a partner with Anglo American in the ill-fated Blue Spec gold mine, has laid out its exploration plans in a circular to shareholders. This follows recent shareholder approval for the borrowing of A$250,000 (£146,600).

As far as diamonds are concerned, Metramar noted its acquisition of a one third interest in a joint venture which has applied for claims and a temporary reserve in the Winning Pool-Kennedy Range area of the Carnavon Basin in Western Australia, these areas are contiguous to claims granted to Conzinc Riotinto of Australia, the leader of the Ashton venture.

The joint venture has also applied for claims south of the Lennard River in the Kimberleys. At the same time Metramar is a member of a consortium of four companies actively exploring in the Kimberley region.

Metramar has also negotiated to acquire 66.6 per cent of Western Alluvials, thus making that company a wholly-owned subsidiary. Western Alluvials has an option over a licence to treat tailings at the Wiluna gold mine.

The gross value of gold at present price levels in the mine's calcine dumps was put by Metramar at A$20m (£11.7m), while the slimes residue approximates to A$25m. A study to determine the grade and distribution will be undertaken, followed by an examination of methods to establish the most economic method of future beneficiation.

Metramar shares were 21p yesterday.

SMALL RISE IN GOLD OUTPUT

South African gold production increased in August for the second successive month, the latest figures from the Chamber of Mines reveal. Output was 1,958,795 oz against 1,919,481 oz in July.

Although output increased in the first part of the year, it sagged in May and June. Production for the first eight months of the year at 15.11m oz is higher than the 14.87m oz recorded in the same period of 1977, but the output over the whole of last year was exceptionally low.

Belhaven Brewery

Mr. P. A. J. Salmon has resigned as the Lyons' food group representative on the Board of Belhaven Brewery—in which Lyons has a 17 per cent stake.

The departure of Mr. Salmon was one of the requirements of the Department of Prices and Consumer Protection when it decided that Allied's bid for Lyons should not be referred for a Monopolies Probe. Allied has also agreed that it will dispose of the Belhaven shares it acquired with the Lyons deal.

ASSOCIATES DEALS

Hill Samuel and Co. sold 150,000 Courtaulds at an average price of 116.33 on behalf of discretionary investment clients.

Haliday, Simpson and Co. sold 2,047 Weston-Evans Group at 160p assented on behalf of an associate who held the shares jointly with non-associates.

OIL AND GAS NEWS

Great potential in Beaufort Sea

MONTREAL, Sept. 27.

PARTIAL oil and gas production from the Dome Petroleum wells in the deeper waters of the Beaufort Sea, above the Mackenzie Delta in Canada's Northwest Territories, could begin by 1985, Mr. William Richards, Dome president, told the International Ocean Development Conference in Tokyo. His speech was made available in Calgary.

Each of three deep wells, drilled by Dome and partners in the Beaufort Sea in 1977 and this season contained "indications of substantial petroleum hydrocarbons," he said. "This, coupled with a large number of sizeable structures present and in the Beaufort Sea, augurs well for very substantial future reserves."

If a major discovery is confirmed this year, he said, it should be possible to carry out step-out wells during 1979, development drilling in 1980, concurrently with the design of production equipment and marine transportation systems to carry the oil and gas to market.

Recent seismic work offshore "has identified a substantial number of structures with great oil and gas potential. A number are individually of sufficient size to contain potential reserves in excess of 10 trillion (million million) cubic feet of gas."

Annual volume of 365bn cubic feet of gas and 200,000 barrels of oil daily could be produced by 1985, he said. Gas output could rise to 1 trillion cubic feet a year, and oil output to 900,000 barrels daily by 1990. Investment of C$5bn would be needed for the 1985 target, including drilling, production and transportation. A total of C$23bn would be needed to meet the 1990 target.

Sea transportation is regarded as the best method, including LNG systems for the gas. Dome's plans for a heavy Class 10 ice-breaker are active again. The technological challenge of the Beaufort Sea is not substantially greater than for the North Sea, Mr. Richards concluded.

* * *

The potential for further discoveries of onshore oil in Australia has received a boost with an oil flow in a well drilled in South Australia's Cooper Basin, reports James Forth from Sydney.

A consortium led by Santos Limited, with Delhi International Oil as the operator, recorded a flow of 2,400 barrels of oil a day in the Strzelecki No. 3 well. It is the largest daily flow recorded on land in Australia. The previous biggest flow was from the Tirrawarra No. 2 well, in South Australia's Patchawarra formation which recorded a rate of 1,300 barrels a day in 1970.

A spokesman for Delhi described the oil flow as "highly significant and encouraging." He suggested that the structure was not large but that it upgraded the potential of nearby areas.

The Strzelecki well would be deepened and further evaluation carried out to determine the extent of the discovery. The Cooper basin contains substantial natural gas reserves, and supplies the Adelaide and Sydney markets.

Santos, which holds a 35 per cent stake in the Strzelecki venture is currently under attention because of proposals by Burmah Oil of the U.K. to sell its 37.5 per cent equity in the company to a group headed by Bond Corporation Holdings. Santos is seeking a court injunction to block this deal and claims that Burmah is in breach of a long standing agreement to seek the approval of the Santos board before it can transfer its holding to a non-Burmah related corporation.

* * *

Chevron Canada, a unit of Standard Oil of California, has announced a natural-gas find off the Labrador coast. The Hopedale E-33 exploratory well, drilled to 6,788 ft and located 54 miles offshore from Hopedale, near Goose Bay, was drillstem-tested and showed gas flowing at rates up to 18.5m cu ft daily, with 60-degree condensate at a rate of about 30 barrels per 1m cu ft. This testing was done on a zone below 6,496 ft. Further testing is being undertaken to evaluate other zones.

The well is about 36 miles north west of a 1974 discovery well drilled by the Total-Eastcan group. Major participants in the Chevron well include Petrocanada, the national oil company, CDC Oil and Gas, owned by the Canada Development Corporation, and Columbia Gas Systems, the American gas utility.

* * *

Haoma Gold Mines has been granted an offshore oil exploration permit 100 km northwest of Perth, Western Australia.

During the first two years of the permit, Haoma is committed to a seismic survey which could lead to the drilling of four wells within the 3,240 sq km permit area and the spending of A$14.5m over the next six years.

BIDS AND DEALS

New terms for Weston-Evans stake accepted by BMCT

[Th]e last obstacle to Johnson [and] Firth Brown's bid for Weston-[Ev]ans, the Lancashire engineering [con]cern, was removed yesterday [wh]en Birmingham and Midland [Coun]ties Trust agreed to accept [JF]B's offer—following another [inc]rease in the terms.

[B]MCT controlling a 42.5 per [cen]t stake and jointly owned by [Mr.] Graham Ferguson Lacey and [Mr.] Cecil McBride—both directors [of] Weston—had rejected JFB's [ori]ginal offer as too low.

[T]his however did not stop the [bid] going unconditional on Tues[day] when JFB announced that [it] controlled just over 52 per [cen]t of Weston. At the same [tim]e JFB increased the cash ele[me]nt of its bid by 3.3p a share. [Y]esterday the bid was lifted by [a] further 3.7p making a total [inc]rease of 7p. This was enough [to p]ersuade BMCT to accept leav[ing] JFB with more than 95 per [cen]t of Weston.

[T]he new terms—valuing Weston [at] almost £9.1m—are 23 JFB [sha]res plus £17 cash for every [...] Weston shares.

[I]t has been a hard fought [stru]ggle which was sparked off [afte]r BMCT launched a bid valu[ing] Weston at £6.7m. This was [trig]gered under City Take-over [rule]s after BMCT increased its [stak]e above the 30 per cent level.

[A]DDA ACQUIRES [O]STERLEY MOTEL

[Ad]da International announces [tha]t contracts have been ex[cha]nged for the acquisition of the [Ost]erley Motel in London. The [mot]el comprises nearly 30 bed[roo]ms, banqueting accomoda[tion] for 400 and extensive other [pub]lic areas including two bars. [It is] in a site of over one acre.

Osterley is conveniently [situ]ated for the West End of [Lon]don and Heathrow Airport, [clai]ms Adda. It is hoped to en[larg]e the facilities in due course.

[G]RIMSHAWE [P]URCHASE

[G]rimshawe Holdings has [acq]uired Aspex, a private com[pan]y supplying specialised parts [to] the ophthalmic industry—for [...],000 cash. At the last account-ing date (October 31, 1977) the cash balances were £150,000.

The pre-tax profits for the year to that date were £117,000 and the management accounts for the ten months to August 31, 1978 indicate profits of £106,000.

Grimshawe itself made a £38,000 loss in 1977. This is the first acquisition Grimshawe has made for over four years.

KCA rescue completed

The rescue programme for KCA International, formerly Berry Wiggins, has been completed and the group's chairman, Mr. Paul Bristol, has written to shareholders to give a picture of what the group will look like now that the loose ends have been mostly tied up.

As part of the rescue package Mr. Travis Ward, the independent Texas oil man, agreed to purchase four rigs and ancillary equipment associated with the group's loss-making Algerian contract. The purchase was undertaken through Ward International Ltd.

The group says that as a result of the completion debts totalling £12.2m have been discharged and Mr. Ward has acquired a 24 per cent stake in the company for £2.1m. An earlier attempt by Mr. Ward to bid for all the company was dropped.

In addition Ward International has lent the group a further £2m to pay other debts arising out of the Algerian contract. The effect of these and other transactions are reflected in a pro-forma balance sheet.

This shows net borrowings of £2.2m against tangible shareholders funds of around £9m.

SHARE STAKES

Bishops Stores: Mr. J. H. Bradfield, Mr. I. M. Bradfield and Mr. R. Harvey, acting as directors of Bishops Stores Group Trustees have purchased 30,000 ordinary shares. The total holding is now 198,968 shares (11.5 per cent).

Thorn Electrical Industries: Company has been advised by Sir Jules Thorn, that as a result of the sale on September 21, by two family settlements of which he is the first named trustee, of 856,161 ordinary shares and other small sales, the total number of ordinary shares in which he had an interest on that day was 6,214,892 shares (4.53 per cent).

Crest Nicholson: Mr. G. R. Fox, director, has disposed of 20,000 ordinary shares.

Birmingham Mint: Astra Industrial Group has purchased a further 35,000 shares making 190,000 in all (9.5 per cent).

Unitech: Mr. P. A. M. Curry and Mr. J. A. H. Curry, directors, have exercised their options under the executive share incentive scheme in relation to 9,000 and 8,000 pp shares respectively. Mr. A. G. Macpherson, director, disposed of 15,000 ordinary shares, 10,000 of which, he held as a trustee.

RIGHTWISE MERGER SANCTIONED

The merger of Rightwise, Deundi Holdings, Gadek Indonesia and Arbour Court Investments received the sanction of the High Court on September 20 and dealings in the new Rightwise securities are expected to begin on Friday.

The Stock Exchange listing of of Deundi (previously suspended) has been cancelled and the new Rightwise shares and convertible loan stock issued under the scheme have been granted listing. Elections by holders of Gadek Indonesia shares to receive stocks were scaled down by a factor of approximately 0.825.

Pending the despatch of certificates, former holders of Gadek Indonesia shares who elected to receive stock and wish to verify their precise holdings of new Rightwise shares and stock are requested to contact the registrars.

ELLIS & GOLDSTEIN

Ellis and Goldstein (Holdings) has agreed to sell to Cope Sportswear the freehold premises at 81, Maritime Road, Stockton-on-Tees, together with certain items of plant and equipment for £390,000 cash.

The net book amount of the assets being sold is £255,000.

The premises in Stockton, originally used as a ladies' dress factory, have been fully let since 1976 producing an annual rental income of £33,500.

The net cash released by the sale of the property will be used in the continuing development of E. and G's business, the company states.

J. F. NASH/BLACK AND EDGINGTON

The scheme of arrangement and amalgamation by which Black and Edgington is to acquire from J. F. Nash Securities the Galley Caravan Group, was sanctioned by the High Court. Completion will take place on October 4.

Talbex buys 29% stake in Hoskins & Horton

Talbex Group has bought 29.2 per cent of Hoskins and Horton formerly owned by clients of Artoc Bank and Trust at 159p per share. Talbex is currently in bid talks with Hoskins and Horton.

The clients of Artoc, a Bahamas-based bank with strong Middle East connections, bought their stake in Hoskins and Horton in February at an average price of 136p per share. The shares rose quickly on speculation of a bid which in the event came not from Artoc but from its 22 per cent owned UK associate, Talbex. Artoc and Talbex have three or four directors in common.

The reason for the transfer of the stake from Artoc to Talbex is to clear the decks, said a spokesman for Talbex yesterday. The company wished to avoid the accusation that it was bidding a high price for Hoskins and Horton for the benefit of the clients of Artoc. Now Talbex could proceed with its bid negotiations without inhibition. The price of 159p per share paid for the stake is below the recent market price of Hoskins and Horton of around 175p per share. The price was based on its net asset value.

BICC COMPLETES GENERAL CABLE SALE AGREEMENT

BICC HAS now completed the sale agreement with General Cable Corporation, which was announced in July, 1978, under which GC agreed to purchase from BICC 2,869,000 shares of its common stock, for a consideration of $18.50 per share amounting in total to $53,076,500.

BICC plans to retain the dollar funds received pending redeployment elsewhere within the group or for use in financing further acquisition opportunities in the UK or overseas.

BICC were advised by Goldman Sachs and Co., and Morgan Grenfell and Co.

Eastern Produce buys insurance broker

Eastern Produce, the plantations group, has purchased for £750,000 the Ernest Notcutt Group, an approved Lloyd's of London insurance broker, in an attempt to balance the distribution of its UK and overseas earnings.

Eastern Produce, whose pre-tax profits in its last financial year were £7.16m, said yesterday that the acquisition "will improve the spread of the group's interests and should help to bring overall earnings more into balance as between the UK and overseas."

Engineering companies had been rejected in favour of an insurance broker because "insurance brokers have low capital requirements and inflation proof earnings," explained an Eastern Produce director.

Payment is to be made in two instalments: £600,000 on completion of the deal and £150,000 12 months later. At December 31, 1977, the Notcutt Group showed net assets of £364,424. Net profits before tax and minority interests were £170,000. Taxable profits for the current year are forecast not to be less than £220,000.

Notcutt specialises in mainly motor insurance broking. Motor and goods in transit insurance business accounted for 60 per cent of its commission income in its last financial year.

Mr. I. L. Mackeson-Sandbach has been brought in by Eastern Produce to be a director and chief executive of Notcutt.

Camellia Investments foresees improvement

All indications point to Camellia Investments achieving increased net operating profits in 1978, say the directors, and if projections are realised then they expect earnings per share to show an improvement.

Since the commencement of the year the directors have directed the major portion of new investments into shares of those plantation companies in which, historically, it holds substantial positions. Generally the tea industry enjoyed a satisfactory year in 1977 and, although early indications are that profits for 1978 could fall significantly below the levels enjoyed during the previous few years, the financial strength of the companies within the portfolio is such as to suggest that they will be able to continue with their long term expansion and maintain their position as leaders within the industry.

As a consequence of the trading results achieved by those plantation companies in which the company is invested it is enjoying increased dividend income.

Once again the company has realised modest gains from the disposal of some of its industrial investments resulting from a reappraisal of their prospects. The directors say they would be disappointed if accounts for the year to December 31, 1978, did not disclose enhanced market values for the portfolio of investments.

Of the trading companies they report that the momentum of last year's trend of increased sales and profits has been fully maintained during the first six months of this year's operations. Prospects for philately, fine arts and antiquities remain good, so that with excellent stock levels the company should be able to continue to benefit. Accordingly, they anticipate that trading companies will all show improved results.

NO PROBES

The following proposed mergers are not to be referred to the Monopolies Commission:—Y. J. Lovell (Holdings)/Farrow Group; National Enterprise Board/a substantial minority interest in Monotype Holdings.

McLeod Russel gives warning of lower profits this year

IT WOULD be unrealistic to think of profits for the current year in line with those of the previous year, Sir John Brown, chairman of **McLeod Russel and Co.**, tells shareholders, but despite difficulties, he still expects the group to be able to earn a reasonable profit.

So far as the UK is concerned, the chairman expects Buchanan's Warehouses to have a satisfactory year while the improvement at Brenchley's can be expected to be more than maintained.

The issue to the public in India of a 26 per cent interest in McLeod Russel (India) has been virtually completed and with it the rupeeisation of all the group's interests in India.

Because of the situation which has developed over the claim by the Indian Authorities to taxation on remuneration over a period of years of McLeod Russel and Co. (which has not and never has had any place of business in India) as Secretaries of certain of the of the sterling tea companies, there has been a hiatus in the remittance of past profits from India and in the past 15 months nothing has been received in respect of outstanding profits totalling an estimated £2.58m.

In the meantime, however, directors have been able to take advantage of a number of investment opportunities so that to date development has not been seriously affected by the hold-up.

The period of steady growth in tea crops leading to the substantial increase in 1977 appears to have been temporarily halted, although, so far as the subsidiaries are concerned, it is probable that, notwithstanding early setbacks, crops for the year may still show an increase, says Sir John.

The recent reduction in export duty has come just in time to dispel at least some fears that the distortion of markets arising from the level of the duty might result in the best teas failing to earn the premium which the group might reasonably expect.

For the year ended March 31, 1978, profits before tax rose from £5.78m to £8.42m from turnover of £21.29m against £16.93m.

Referring to the group's major profit earner—tea—the chairman says the results achieved serve to emphasise the extent to which the group is still dependent on the tea industry in India for the bulk of profits, notwithstanding the increase in the level of earnings in the UK.

In commodities the group is now equipped to undertake substantial business. There is, however, some way to go before results justify the involvement.

At September 14, Assam Trading (Holdings) held 36.6 per cent of the ordinary shares of the group. All the directors of McLeod Russel are directors of Assam Trading. Meeting, Victoria House, Vernon Place, W.C., October 24 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Aberdeen Construction, Anchor Chemical, C. T. Bowring, Combined English Stores, Downs Surgical, Dunlop, General and Commercial Investment Trust, General Investors and Trustees, Alexander Howden, P. and W. Maclellan, William Morrison Supermarkets, Owen Owen, Ready Mixed Concrete, Refuge Assurance, Vickers, Whatman Reeve Angel.

Finals—A.P.V., Amber Day, Brown Brothers, Charterhall, Consolidated Plantations, Footwear Industry Investments, Galliford Brindley, HTV, J. and F. Makin Paper Mills, R. P. Martin, New Central Witwatersrand Areas, Charles Sharpe, Sime Darby London, Woodrow Wyatt.

Interims—

FUTURE DATES

Bankers' Investment Trust	Oct. 3
City of London Brew. & Inv. Tst.	Oct. 2
Currys	Oct. 2
Emray	Oct. 5
Estates and General Invests.	Oct. 3
Gill and Duffus	Oct. 25
Holt Lloyd International	Oct. 4
Industrial and General Trust	Oct. 19
Kode International	Oct. 17
Laing (John)	Oct. 27
Maple	Sept. 29
Finals	
Ingall Industries	Oct. 3

Jersey Elec. in first half

Pre-tax profits of the **Jersey Electricity Company** increased sharply from £897,144 to £1.08m in the half year ended July 2, 1978, and have come close to the £1.17m achieved for the previous year.

Centrovincial Board sees improvement

A significant contribution to improving future profitability will be made from the disposal in the past two years of its major European properties and part of the Australian portfolio, the directors of Centrovincial Estates say in their annual report. And this will be strengthened by continuing improvement in net rental income both in the UK and from the remaining overseas operations.

These sales, together with those made in the UK, also resulted in a considerable de-gearing for the 1977-78 year, and the directors say they are now able to look to the future with greater confidence than they have for a number of years.

As reported on August 31 Centrovincial finished the March 25, 1978, year with a pre-tax deficit of £264,000 compared with a £239,000 surplus previously. Again there is no dividend.

Net rental income, down at £3.78m (£4.38m), and revenue, before tax, development interest and provisions, of £915,000 (£983,000) was split as to (£000): UK £2,687 (£2,545) and £1,516 (£1,505); U.S. £913 (£1,109) and £238 loss (£34 loss); Australia £57 (£224) and £350 loss (£521 loss); Europe £68 (£304) and £13 loss (£67 loss), and South Africa £59 (£44) net rental income only.

During the year there was a £8m reduction in the group's medium- and short-term loans to £20.4m as at March 25, 1978.

Of the £20.4m, some £3.6m are medium term covered to the extent of £1m by funds deposited with overseas bankers. Of the short term, £5.2m were in the U.S. and the remaining £11.6m are in the UK, and will be continued to be reduced where appropriate by sales of properties or by refunding on a longer term basis.

Meeting, 4, Savile Row, W., October 19 at 3 pm.

Alfred Walker expects return to dividends

Despite a famine of building land and its rapidly increasing price Mr. Raymond Walker, chairman of Alfred Walker and Son, says he looks forward to the current year with optimism. He anticipates that the group will make a reasonable profit—following the recovery from £500,000 loss to £37,000 pre-tax profit last time—and forecasts a return to dividends.

Throughout the year to April 30, 1978, economies were made including some staff redundancies at head office and the closure of the joinery manufacturing department.

The demand for new homes showed a steady improvement during the second half with the result that it was possible to raise prices slightly to bring them more in line with current costs and the rapidly escalating price of building land.

Borrowings were reduced by £87,000. Bank overdrafts and loans were cut to £276,000 (£328,000) and net liquidity was up £73,000 (1.11m).

The problems that existed at Barratts Buildings have now been overcome and there is a reasonable prospect of this company making a contribution to the group's profits during 1978-79.

To offset the seasonable nature and the unpredictability of the home market, a determined and successful effort has recently been made to establish new outlets and a considerable quantity of buildings has already been sold in Belgium and France, says Mr. Walker.

Hobbs and Knight continued with its private house building programme on sites in the South West and obtained and executed local authority and other contracts but fell into loss. This was caused mainly by the extremely inclement weather conditions during last winter, and the fact that the demand for homes has risen more slowly in this region than in the Midlands. Sales are now improving which should facilitate a return to profit.

At Walker Homes (Coleshill), planned economies have taken place and the company is now functioning satisfactorily, carrying out the construction of private homes in the Midlands area and the completion of other contracts in the public sector. However, with the increased activity in the private housing field, the company is now to place emphasis on this type of work.

Meeting, Coleshill, Birmingham, October 20 at noon.

AMERICAN NEWS

Delta Airlines moves towards Boeing purchase

BY JOHN WYLES — NEW YORK, Sept. 27.

DELTA AIRLINES is moving *towards a decision which could* mean orders for up to 20 of Boeing company's new generation of aircraft. Delta, United Airlines and American Airlines have *all been involved in pre*liminary design consultations with Boeing, which resulted in July in United's launching order for 30 Boeing 767 aircraft worth $1.6bn. Since then, Delta has been weighing the merits of the twin-engined, wide-bodied 767 against the narrow-bodied 757.

Mr. Robert Oppenlander, Delta's senior vice-president Finance, told the Financial Times today that the airline had also been considering Airbus Industrie's A310 aircraft, but questions of compatibility with its existing fleet make orders for the *European design unlikely.* "Also, we don't have the financing requirements that some others do to make it attractive to us," he added, in an oblique reference to the generous credits which Airbus is making available and to Delta's very much stronger financial position in comparison with many other U.S. airlines.

Although Delta is also studying the DAS 400, which is the *scaled-down version of Lock*heed's L1011 Trijet, the airline is more strongly attracted by the significant cost savings offered by the Boeing design. It expects *to make a preliminary decision* within the next six to eight weeks and a final decision early next year. Among the engine alternatives which would be available if Delta opted for the 757 would be Rolls-Royce RB-211-535 design, which Eastern Air*lines and British Airways chose* earlier this month when they *ordered a total of 40 757s.*

Significantly, the one design which has not featured strongly in Delta's calculations is McDonnell Douglas' proposed *rival to the Boeing designs,* the AMTR. Despite indications from the company at Britain's Farnborough Air Show earlier this month that it would be marketing the AMTR vigorously, Mr. Oppenlander said today that McDonnell Douglas had not *notably exerted itself in trying* to attract the airline's attention to the AMTR.

Delta is looking for delivery of new aircraft from 1982 onwards, and although it has a comparatively young fleet with an average age of only five years, *it is seeking to replace its DC9s* and 727-200s. Its interest in adding 165-200-seat aircraft to its fleet has been quickened by this year's remarkable growth in airline traffic, which by the end of July had added nearly 30 per cent to Delta's revenue passen*ger miles and raised its average* passenger load factor from 59.6 per cent to 66.8 per cent. Air*port regulations in many parts* of the U.S. prevent airlines from adding to the frequency of services on high density routes, which leaves them with little *alternative to employing larger* airplanes.

Meanwhile, there are no indications as to when American Airlines may be revealing its purchasing plans. A strong internal debate is said be going on as to whether the airline should opt for a *twin-jet wide-bodied* medium range aircraft like the 767 or whether it should order Boeing's proposed wide-bodied tri-jet, the 777, which has not yet received any launching orders.

Eastern may seek partner for protection

WASHINGTON, Sept. 27.

EASTERN AIRLINES will seriously consider a merger with another airline if any of the currently proposed mergers in the U.S. airline sector, such as the merger plans of Pan American and of National Airlines, were approved by the Government.

The airline's chairman, Mr. Frank Borman, indicated that Eastern would have to seek a merger partner for defensive reasons since *it would be com*peting against larger and more powerful operators.

He reiterated that Eastern anticipated its most successful year yet with a strong first quarter next year followed by some weakness in the second quarter.

Reuter

Esmark-Pemcor

Esmark said the exchange ratio for the previously announced merger of Pemcor into an Esmark subsidiary will be 1.1 shares of Esmark common for each outstanding Pemcor share, Reuters reports from Chicago. Pemcor holders *will vote on the merger at a* special meeting on Thursday. If approved, Esmark will issue about 2,366,000 common shares for the transaction.

Baxter Travenol

Baxter Travenol Laboratories has said it has partially completed repatriation of earnings from its Puerto Rican subsidiaries, reports AP-DJ from *Deerfield, Illinois. Assets and* cash amounting to about U.S.$58m has been repatriated and additional transactions will be completed on the issue of a *Puerto Rican tax ruling in the* last quarter.

Olinkraft merger

Olinkraft directors are to seek further information about the Johns-Manville Corporation and the proposed offer made for 49 per cent of the out*standing common shares of* Olinkraft for $57 per share with a subsequent merger, AP-DJ reports from New York.

Senate approval

Senate approval has been given *regarding the U.S. Navy's $931m* shipbuilding settlement with General Dynamics and Litton Industries, Reuter reports from Washington. Approval of the *agreement followed the* Senate's defeat of an amendment to cut the first $209m of the settlement from the Military Weapons Authorisation Bill. *General Dynamics will* receive $484m in settlement of its submarine contract, while Litton will receive $447m for its destroyer contract claims.

AT & T outlook bright

NEW YORK, Sept. 27.

THIS YEAR could be "the best year yet" for the American Telephone and Telegraph Company, *according to chairman John D.* Debutts.

Expenses are underrunning expectations whereas earnings for the three months ended August *31 were 20 per cent higher than* the same period a year earlier. "Hopefully, we'll be able to maintain that level of growth for the remainder of the year," Debutts *said, but he declined to discuss* specific earnings estimates or to comment on projections that per share earnings this year will be between $7.55 and $7.65, an increase of more than 3 per cent from the $6.97 a share earned in 1977.

For the 12 months ended August 31 AT and T earned $5.1bn or $7.59 a share, an increase of almost 13 per cent from the period a year earlier.

Overall volume of business is up more than 10 per cent from a year ago and long distance calling volume was up 12.5 per cent in the latest three-month *period.*

Mr. Debutts added that the Bell System is "doing a great job of controlling expenses" as a result of increasing use of com*puters and new equipment* that requires less maintenance.

Return on equity, he pointed out, is "something over 13 per cent — an improvement over the 12.3 *per cent of 1977* but less than the 14 per cent to 15 per cent rate the company feels is necessary to attract investors."

AP-DJ

U.S REGIONAL BANKS

Strengthening the capital base

BY STEWART FLEMING IN NEW YORK

WHILE MANY of the best known and largest U.S. commercial banks are still awaiting an *opportunity to raise much* needed new equity share capital, many of the more successful and aggressive regional banks have in recent months been able to strengthen their capital bases.

One of the most recent issues *was from* Texas Commerce Bancshares (TCB) a $6bn of assets institution, which earlier this month raised $40m of new capital in New York. TCB, however, is just the latest in a list of medium-sized (in New York City terms) commercial banks to be taking advantage *of rising* earnings and a strong share price performance to raise essential capital. In the middle of the year, Seafirst, holding com*pany for the Seattle First* National Bank, added $37m of equity capital. The same path has been trodden by several other regional banks in the $3-6bn assets category, including for example, Rainier Bankcorp, another Seattle-based bank *which raised $29m,* Valley National Bank of Phoenix Arizona, which raised $19m and Mercantile Bank of Dallas which last week raised $32m.

The background of the share issues has been surging loan growth and profitability at many regional banks at a *time when* many of the big multi-national money centre banks have seen their domestic loan volume stagnating until earlier this year and have *had to rely on foreign* earnings and reductions in loan loss provisions for improved profits.

Thus, since the *end of 1975* the share prices of many regional banks have increased by 40 per cent, twice that of the bigger money-centre banks, and their earnings have been rising by 15 to 20 per cent for the past two or three years.

Such is the geographic diversity of the country that it is misleading to draw too many generalisations from a single *example. In some ways,* however, Texas Commerce Bankshares performance is a good indicator of what has been happening to the most successful and aggressive regional banks.

It has had the advantage, not shared by most regional banks of being *located in what has* been a privileged region in economic terms.

As Mr. Ben Love, the Bank's chairman points out, Texas, and particularly the Houston area where the Bank has its headquarters has been a sector of the *sunbelt which has been ex*periencing a boom.

In each of the past four years, it has been the leading State in terms of new investment in plant and equipment. This has given the local economy some of the most up to date plant and equip*ment in the country, and given* the local banks a broadening economic base of finance, in contrast with a few years ago when the oil and gas industry was the prime borrower.

In addition, many of the expanding corporations have been outside the top rank of U.S. companies and have had to rely on bank finance at a time when multi-billion dollar companies have been able to forsake their bankers and raise money in the *commercial paper market.*

Texas has passed all States except California in terms of dollar spending on construction and is now running New York a close third in terms of retail sales spending. It has a major agricultural sector and, of *course, is a centre for the oil and* gas industry with about one quarter of U.S. reserves.

The ability of the Texas banks to expand would have been severely inhibited were it not for the Federal Bank Holding Company Act of 1970. This allowed *those Texas Banks which saw the* advantage to by-pass State laws restricting each bank to a single branch by taking over other banks and using a holding company umbrella. Texas Commerce now owns 35 subsidiary banks and has expanded its capacity to write a single loan *from a few* million dollars to around $50m. U.S. banking laws prevent a bank from committing too high a pro*portion of its lending* (the limit is 10 per cent) to a single entity.

The surging credit demands in the State, coupled with *the bank's* own expansion have enabled Texas Commerce Bancshares to report a 15 per cent average earnings growth each year for the past five years. But the Bank's growth has enabled it to add to *its equity base* at only a 12 per cent rate while assets were expanding at 16 per cent over the same period. *The result has* been that the equity assets ratio this year began to slip down to 5.4 per cent, uncomfortably close to the 5 per cent which Mr. Love and his *colleagues consider* to be the floor-base. The equity issue raises the ratio to 6 per cent and leaves the Bank comfortably able to contemplate a 26 per cent growth in loans this year and perhaps 16 per cent next.

Mr. Love says that the Bank has set itself a target of 15 per cent earnings growth into the foreseeable future. And it does not seem to worry him that one of the last banks publicly to set itself such *a target was New York's Citibank,* at the beginning of the decade. Like the other New York banks and many banks around the country, Citibank found its hope frustrated by *stagnating lending* and rising loan loss provisions.

Currently Texas Commerce Bancshares has a $3.8bn loan portfolio which means that loans represent about 68 per cent of wholesale and retail deposits. A year ago, this figure was 61 per cent but the bank is sufficiently large and well known to be able to float commercial paper and certificates of deposit and raise funds in this way as well as through the Federal funds market, and it is having to do this in order to make up for the shortfall in demand and savings deposit growth. The problem of slackening retail deposit *growth in relation to loan* demand is one that is growing in the regional banking system in the U.S. Some of the smaller regional banks are having to restrict their lending. Banks of the size of Texas Commerce Bancshares are not constricted by this problem yet because of their access to the wholesale money markets.

Analysts are suggesting, however, that the regional banks costs of funds will now be rising along with the sharp increase in short term interest rates. This means that the profits spread between lending margins and the cost of *funds will be shrink*ing. Therefore, loan volume growth is likely to be the key to higher profitability, assuming banks have access to funds.

REGIONAL BANKS EARNINGS PER SHARE ($)

	1974	1975	1976	1977
Texas Commerce Bancshares	2.71	2.90	3.33	3.85
Seafirst	2.19	2.41	2.70	3.07
Valley National Arizona	1.88	2.05	2.06	2.56

General Tire still lags

NEW YORK, Sept. 27.

THIRD QUARTER earnings of General Tire and Rubber Com*pany* showed an improvement on last year but profits at the nine-month stage were still below 1977 levels.

Earnings for the latest three months edged up by almost 4 per cent, from $28.3m or $1.24 a share to $29.4m, or $1.29 a share. Sales advanced by over 14.2 per *cent from $514.9m to $588.2m.*

Total earnings for nine months were $85.5m, or $3.75 a share, against $88.9m or $3.90 a share for the same period in 1977. Sales were $1.57bn., against $1.56bn previously. Figures for the latest nine months include a gain of 9 cents a share on the sale of real estate.

Agencies

Autumn retail sales up

NEW YORK, Sept. 27.

BOLSTERED BY good back-to-school sales, autumn retail business is running ahead of last year but still lacks the zip that most executives would like to see at this time.

One of the deterrents is the *unusually warm September* weather that has hindered outerwear sales. Also, in the New York area, a prolonged newspaper strike has hurt sales, *executives say. Though business* in New York is ahead of a year ago, it would have been better with newspaper advertising, they say.

Some executives are concerned that the accelerated growth of business through the first eight months of 1978 will slow in the last part of the year. Sales increases in the last four months of 1977 were quite strong and *will be increasingly* difficult to beat as Christmas nears.

Some retailers foresee slower sales increases because, though they still expect consumers to spend more money in the third and fourth quarters, they project that consumers will watch their money more closely.

Other retailers have said they are reducing previous sales projections of 5 per cent to 10 per cent gains for 1978 from 1977 to 4 per cent to 8 per cent. Also *they are making strenuous efforts* either to reduce inventories or to prevent them from increasing.

AP-DJ

EUROBONDS

French issue price set

By Our Euromarkets Staff

THE FFr 200m bond for the European Investment Bank was priced yesterday at 99½ per cent to yield 9.80 per cent by the lead manager, Crédit Commercial de France.

As this is the first French Franc denominated bond in two and a half years, dealers will be following with particular interest its performance in the secondary market. The next borrower to tap the French Franc market, if all goes well, is expected to be a French borrower.

In the D-Mark sector, Estel Hoesch-Hoogovens, the Dutch steel company, emerged as the announced but unnamed borrower. The company is placing DM 50m *of bonds privately for* seven years with a coupon of 6½ per cent and priced at par. The lead manager is Deutsche Bank.

The Deutsche-Mark secondary market was firm yesterday with prices rising by between ¼ and ½ in quite lively trading. The Deutsche Mark had a strong day in the currency markets.

The dollar remained mixed yesterday and was mirrored by the secondary market in straight dollar bonds.

MEDIUM-TERM CREDITS

Mexico to raise $600m

BY FRANCIS GHILES

THE United *Mexican States has* given a mandate to four Japanese banks to raise between $550m and $600m: this will be split into four distinct operations, three *denominated in dollars,* the fourth in yen.

Sanwa and Dai Ichi Kangyo are to raise $300m for ten years on a spread of ¾ per cent for the first five years, rising to 1 per cent for the remainder.

Sanwa is to raise a further $50m for ten years on a fixed interest rate of 9¾ per cent throughout. *Meanwhile,* the Industrial Bank of Japan will arrange a $100m loan, which could be increased to $150m if market reception is good. The maturity *will be three years and* the borrower will pay a spread of ¾ per cent throughout.

The yen tranche, amounting to Y20bn (about $100m) will be arranged by *Mitsubishi:* the borrower will pay interest of 1½ per cent over the Japanese commercial discount rate (currently 4½ per cent) for ten years.

The Mexicans have asked the lead managers to place all the loans with Japanese banks but the banks are expected to place part of the paper with non-Japanese banks.

Meanwhile, two groups of *Japanese* banks have arrange syndicated dollar loans for Jug bank United Bank, of Belgrad and Elsam, a *Danish* elect power consortium. Both a scheduled to be signed this wee

Elsam will sign an agreeme on Thursday for a $25m 12-ye loan for an undisclosed inter rate. The syndicate is led Mitsui Bank.

The loan to Jugobank Unit will be for $20m over nine yea *Terms include* a three-ye grace period, with a split terest rate structure. This lo will also be led by Mitsui Ba

Robert Graham adds fr Madrid:

The Spanish State holdi company, INI, has begun c cussions with a consortium international banks, led *Chemical Bank, to restructure* important part of its fore debt. INI hopes to be able reach agreement shortly on restructuring of a total *$186m worth of loans,* contrac at a time when the company forced to accept what now se to be unfavourable spreads. company also hopes to be abl prolong the *maturity by anot* four years. According to sources the $186m represe roughly one-third of the fore debt contracted directly by I

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 9½pc 1989	96½	97½
AMEV 8pc 1987	93½	94½
Australia 8½pc 1992	93½	94
Australian M. & S. 9½pc '92	98½	99
Barclays Bank 8½pc 1992	95	95½
Bowater 9½pc 1992	97½	98½
Can. N. Railway 8¾pc 1986	95½	96
Credit National 8¼pc 1986	96½	97
Denmark 8½pc 1984	97	97½
ECS 9pc 1993	99	99½
ECS 8½pc 1997	95½	96½
EIB 8¾pc 1992	96½	97
EMI 9½pc 1989	98	98½
Ericsson 8½pc 1989	96	96½
Esso 8pc 1986 Nov.	96½	99½
Gt. Lakes Paper 8½pc 1984	97½	98½
Hamersley 9½pc 1992	99½	100½
Hydro Quebec 9pc 1992	97	97½
ICI 8½pc 1987	94½	95½
ISE Canada 9½pc 1986	101	101½
Macmillan Bloedel 9pc 1992	97	95½
Massey Ferguson 9½pc '91	96	97
Michelin 9½pc 1988	99½	100
Midland Int. Fin. 8½pc '92	96½	97½
National Coal Bd. 8pc 1987	97½	93½
Natl. Westminster 9pc 1986	99	99½
Natl. Wstmnstr. 9pc '86 'B'	100½	101
Newfoundland 9pc 1989	98	98½
Nordic Inv. Bank 8½pc 1988	97	97½
Norges Kom. Bk. 8½pc 1992	95	95½
Norpipe 8½pc 1989	96	96½
Norsk Hydro 8½pc 1992	94½	95½
Oslo 9pc 1988	99½	100
Ports Autonomes 9pc 1991	96½	98½
Prov. Quebec 9pc 1995	96½	97
Prov. Saskatchwn. 8½pc '86	97½	98
Reed International 9pc 1987	93½	95½
RHM 9pc 1992	94½	95½
Selection Trust 8½pc 1989	91½	92½
Shell Intl. Fin. 8½pc 1990	95	95½
Skand. Enskilda 9pc 1991	99	99½
SKF 8pc 1987	91½	93½
Sweden (K'dom) 8½pc 1987	95	93½
United Biscuits 9pc 1989	97	97½
Volvo 8pc 1987 March	92	92½
NOTES		
Australia 7½pc 1984	92½	93½
Bell Canada 7½pc 1987	92½	93½
Br. Columbia Hyd. 7½pc '85	92½	93½
Can. Pac. 8½pc 1984	96½	97
Dow Chemical 8pc 1986	94½	95½
ECS 7½pc 1982	94½	95½
ECS 8½pc 1989	94	94½
EEC 7½pc 1982	94½	95½
EEC 7½pc 1984	93½	94½
Enso Gutzeit 8½pc 1984	95½	96
Gotaverken 7½pc 1982	94½	95
Kockums 8pc 1983	95½	96½
Michelin 8½pc 1983	97½	98½
Montreal Urban 8½pc 1981	98½	99
New Brunswick 8pc 1984	95	95½
New Bruns. Prov. 8½pc '83	97½	98
New Zealand 8½pc 1986	95	95½
Nordic Inv. Bk 7½pc 1984	93½	94
Norsk Hydro 7½pc 1982	95½	96
Norway 7½pc 1982	93½	94½
Ontario Hydro 8pc 1987	93	93½
Singer 8½pc 1982	97	97½
S. of Scot. Elec. 8½pc 1981	98	98½
Sweden (K'dom) 7½pc 1982	95½	96
Swedish State Co. 7½pc '82	95½	96
Telmex 9½pc 1984	98½	99
Tenneco 7½pc 1987 May	91½	92
Volkswagen 7½pc 1987	92½	93½
STERLING BONDS		
Allied Breweries 10½pc 1990	91	92
Citicorp 10pc 1993	93	94
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	93	94
EIB 9½pc 1988	97½	96½
EIB 9½pc 1992	93½	94½
Finance for Ind. 9½pc 1987	91½	92½
Finance for Ind. 10pc 1989	94½	95½
Fisons 10½pc 1987	97	98
Gestetner 11pc 1988	93½	94½
INA 10pc 1988	91½	92½
Rowntree 10½pc 1988	92½	93½
Sears 10½pc 1988	92½	93½
Total Oil 9½pc 1984	91	92
DM BONDS		
Asian Dev. Bank 5½pc 1988	95½	96½
BNDE 6½pc 1986	97½	98½
Canada 4½pc 1983	98	99
Den Norske Ind. Bk. 6pc '90	99½	100½
Deutsche Bank 4½pc 1983	98	99
ECS 5½pc 1990	92½	93½
EIB 5½pc 1990	92½	93½
Elf Aquitaine 5½pc 1988	94½	95
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	97½	98½
Forsmarks 5½pc 1990	97	98
Mexico 6pc 1985	97½	98½
Norcem 5½pc 1989	95	99
Norway 4½pc 1983	98½	99½
Norway 4½pc 1983	97	97½
PK Banken 5½pc 1988	96½	97½
Prov. Quebec 6pc 1990	97	99
Rautaruukki 5½pc 1988	95	96
Spain 6pc 1988	96½	97½
Trondheim 5½pc 1988	96	97
TVO Power Co 6pc 1988	97	98
Venezuela 6pc 1988	96½	97½
World Bank 5½pc 1990	97	98
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	98½	99½
BFCE 1984 9 7/16pc	99½	99½
BNP 1983 9 5/16pc	99½	100
BQE Worms 1983 9pc	99	99½
CCF 1985 8½pc	98½	99½
Chase Manhttn. '93 9 5/16pc	97½	98½
Creditanstalt 1984 8½pc	99	99½

Source: White Weld Securities.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Swedish banks show confidence after promising start

BY JOHN WALKER STOCKHOLM, Sept. 27.

.O of Sweden's leading banks ıy reported improvements in fits for the first eight months this year. Skandinaviska kilda Banken, the country's est private commercial bank, ects profits for the year as a le to improve by some 20 per t, while Svenska Handelsken, the second largest ate bank, is forecasting a rise 0 per cent.

t Skandinaviska Enskilda ken, earnings during the od came to SKr 487m 9m), up by 17 per cent or 72m on the same period last r. This was somewhat better the bank had forecast ier this year.

icome has risen by 14 per t and costs by 12 per cent, uding unrealised currency es. If the foreign exchange es are excluded, costs would e gone up by 1 per cent and ings would have improved 19 per cent.

icluding subsidiaries, the k's income rose by 16 per t to SKr 1.4bn ($311m). ts went up by 14 per cent to 878m ($200m). Earnings, uding unrealised exchange es, amount to SKr 568m hm), 20 per cent above the l at this stage last year.

he profit for the full year is forecast to increase by about 20 per cent, which is 5 per cent better than the forecast earlier in the year.

Svenska Handelsbanken's operating profit for the first eight months of the year amounted to Skr 576m ($131m), which is SKr 150m ($32m) or 35 per cent above the figure for the same period of 1977. The profit for the full year is expected to increase by 30 per cent compared with 1977.

Deposits with Handelsbanken have risen by SKr 5bn or 25 per cent. In other banks, deposits went up by 19 per cent.

Receipts rose by 21 per cent in the first eight months of this year, to SKr 1.0bn ($228m) and costs increased by 12 per cent.

● Astra, the Swedish pharmaceuticals group, has reached agreement in principle to sell some of its non-pharmaceutical activities for a total of around SKr 65m ($14.8m), reports Reuter from Stockholm. In a statement it said International Playtex will take over the oral and body hygiene specialist Astra-Wallco, and J. L. Tiedemann Tobakksfabrikk of Oslo buy Swix Sport International, which produces ski and leisure equipment.

Sharp fall in Solvay first half earnings

By Our Financial Staff

SHARPLY lower profits from industrial activities are announced by Solvay for the first half of 1978. The chemical company which is the largest industrial concern in Belgium, is, however, maintaining its interim dividends.

Profits after tax from industrial activities are a full 33 per cent lower at BFr 1.24bn ($40.5m) compared with BFr 1.89bn, with the decline partly due to an increase to BFr 3.7bn from BFr 3.3bn in the charge for repreciation.

Earlier this year (in June) Solvay declared itself to be not particularly optimistic about the profits outlook for the current year. At the time the Belgian chemical industry was said to be faced with low growth rates and over-capacity. In 1977 the company returned an overall profit at the net level of BFr 2.66bn.

Sales for the six months are BFr 52bn ($1.7bn) compared with BFr 46.7bn, while cash-flow emerges at BFr 5.1bn against BFr 5.3bn, or 1.6 percentage points lower at 9.8 per cent of turnover. Interim dividends are being held at BFr 70 net per Ordinary and "A" and "B" share and BFr 28 per "C" share.

Lowe rcash flow and profits were also affected by new losses on its industrial activities in Belgium.

SWISS CURRENCY PRESSURES

A bitter taste for Nestle

BY JOHN WICKS IN ZURICH

SWITZERLAND'S major exporters, their foreign revenues bruised by the inexorable rise of the Swiss franc, have generally resigned themselves to a currency-induced decline in both turnover and profits for 1978.

The point is well illustrated by the experience of the country's biggest concern, the Nestle chocolate giant, whose managing director Dr. Arthur Fuerer warned back in April that the franc's exchange rate would be decisive for its business outcome this year

The prophecy is proving all too well justified, since Nestle now expects a fall in sales and earnings this year due solely to the appreciation of the national currency.

As with virtually every other major Swiss undertaking, the monetary situation is Nestle's main headache. The group, some 22.2 per cent of whose sales are in North America alone, has seen a 25 per cent fall in the dollar exchange rate even since Dr. Fuerer held his April press conference.

The return on sales in terms of Swiss Francs has hardly been more encouraging in other markets, given the extraordinary upward float after trade weighting of the Swiss currency. Nor is there any domestic market to speak of, since sales in Switzerland itself account for only a few per cent of total turnover

The problems of Nestle are shared by other major concerns such as the Ciba-Geigy chemical group, which expects its profit decline, caused by the franc's strength, to be at least "tolerable." Though partly able to offset its income losses by cost savings, turnover during the first six months was, in Swiss franc terms, some 12 per cent lower as a result of the monetary situation.

Even if the Swiss franc could finally be stabilised, most companies will experience lower turnover and profits for 1978. The Stock Exchanges are already anticipating this. Since its February peak, the Zurich market has fallen around 19 per cent; within that time, Nestle bearer shares have come down by over 20 per cent, while the registered shares are 13 per cent lower

Swissair, too, does not expect net profits to match the high 1977 level, while Union Bank of Switzerland said pessimistically in a recent survey that most companies would see lower profits this year.

Without the now apparently uncontrollable upswing of the Swiss franc, the forecast of Nestle's Dr. Fuerer would have looked very different. Sales in terms of local currencies continue to progress well, so that a new record turnover would have been in the stars, while net profits would have risen again after their fall in 1977 due to depreciation requirements.

The upward float of the Swiss franc had a noticeable impact on Nestle's figures last year, when group sales improved by "only" 5.4 per cent instead of what would otherwise have been a massive 19 per cent for this reason. But this year—and the pattern holds good for other Swiss-based companies—things are much worse.

Nestle is not, it should be stressed, in financial difficulties. It is a very prosperous and definitely a profitable business. Nor does it face the same problems of many compatriot companies of having to sell large quantities on export markets at very poor prices. Most of Nestle's production facilities are abroad, to a large extent located in sales markets.

As the half-time reports of the chemical companies also prove, the trouble is generally less in selling than in making up the accounts. Consolidated group figures were heralded when Swiss companies introduced them, perhaps rather late in the day, as a great step forward. Now every annual report needs a special running commentary to show how a multinational concern "really" performed and to what extent its results are falsified by the vagaries of the foreign exchange market.

It is already certain that even if the Swiss franc could finally be stabilised, the majority of Swiss companies will see a drop in turnover and profits for calendar 1978. The stock exchanges are already anticipating this with falling share prices.

As things look at present, Nestle is by no means the worst off of the big Swiss groups. The dividend, Dr. Fuerer said this week, should be maintained at SWFr 72 for the parent company, Nestle SA, for example. It remains to be seen whether this will be the rule elsewhere. Also, Nestle is not suffering from the international market difficulties which are aggravating the situation for such sectors as machinery.

Nestle, whose group sales are more than double those of the next largest Swiss company, is also the most wholly multinational. Its considerable degree of freedom from difficulties in exporting from Switzerland is definitely an advantage in the eyes of most other Swiss groups. Hence the considerable activity—not only on the part of the majors—to build up production bases abroad, although the return on investment looks rather meagre once it has gone through balance-sheet translation into Swiss francs.

France to lift credit controls on small banks

By Robert Mauthner

PARIS, Sept. 27.

M. RENE MONORY, the French Economics Minister, has indicated that the French government intends to announce a series of measures in the near future affecting the banking system, including notably the lifting of credit controls for 200 small banks.

The measures will clearly not apply to the nationalised banks such as Banque Nationale de Paris, Credit Lyonnais and Societe Generale, nor probably to the big privately-owned banks like Credit Commercial de France, Banque de Paris et des Pays Bas (Paribas) and Banque de l'Indochine et de Suez. But they will mark the first small step towards the liberalisation of the banks' operations for several years.

Since 1972, the banks have been subject to strict credit expansion ceilings aimed at keeping down the growth in the money supply and thus curbing inflation. This policy has been sharply criticised by the private banking sector, and

Other measures which are expected to be announced shortly include a modification of the privileged position of some nationalised para-banking institutions such as the Credit Agricole, which is currently exempted from company taxes.

French Government loan to raise $685m

BY OUR OWN CORRESPONDENT PARIS, Sept. 27.

E FRENCH Government has ded that the next state loan, to be floated in mid-October, be for FFrs 3bn ($685m) a rate of interest somewhat er than the 9.8 per cent pon attached to last July's 15-offering.

he authorities' current policy o float a series of relatively ll loans to finance the budget cit instead of the previous tice of meeting its borrow needs by one or two big es. Next month's state loan he third to be floated since spring of this year, following d issues of FFrs 3bn in May FFrs 2.5bn in July. A rth tranche is expected to be ted in December.

lthough the original 1978 bud deficit estimate was no more n FFrs 8.9bn, the outturn is ly to be as much as FFrs 27bn, according to the latest Budget Ministry estimates. The Government is particularly anxious to finance as much of the deficit as possible through savings rather than the creation of money, to avoid a further twist to the inflationary spiral.

The state loan is being floated at a particularly lively period on the domestic bond market, where interest rates are easing and maturities are tending to lengthen. Following the announcement of a 16-year FFrs 460m issue at 10.3 per cent by the RATP (the Paris passenger transport board) and a 20-year FFrs 500m loan by the Caisse Nationale des Autoroutes, the semi-state credit institution.

Credit Hotelier is expected to float a 15-year loan for FFrs 800m with a coupon of 10.3 per cent at the beginning of October.

metal losses total nearly $30m

PARIS, Sept. 27

E IMETAL GROUP suffered onsolidated loss of FFr 129m 9.5m) for the first half of this r, compared with net earnings FFr 68m in the same period 1977.

or Imetal alone, the holding pany belonging to the French hschild group, earnings lined to FFr 17.8m from 18.3m a year ago.

mong its French industrial subsidiaries, Penarroya, the non-ferrous metals concern, made a loss of FFr 40.6m against net earnings of FFr 21m, while Cie de Mokta, a mining company, earned FFr 12.2m against FFr 11.6m. As reported, Societe Metallurgique le Nickel lost FFr 229m against net earnings of FFr 14.2m.

AP-DJ

VONTOBEL EUROBOND INDICES

14.5.76=100%

ICE INDEX	26.9.78	19.9.78	AVERAGE YIELD	26.9.78	19.9.78
M Bonds	105.79	105.89	DM Bonds	6.502	6.485
FL Bonds & Notes	101.83	102.59	HFL Bonds & Notes	8.004	7.869
S. $ Strt. Bonds	98.73	99.18	U.S. $ Strt. Bonds	8.998	8.913
n.-Dollar Bonds	97.87	98.25	Can.-Dollar Bonds	9.779	9.691

INTL. FINANCIAL AND COMPANY NEWS

Rembrandt seeks R40m from debenture issue

BY RICHARD ROLFE

JOHANNESBURG, Sept. 27.

REMBRANDT GROUP, which is bidding for the outstanding 42 per cent *holding in Oudemeester*, its domestic liquor interest, has arranged a R40m unsecured debenture issue. It will be jointly handled by Senbank and Volkskas Merchant Bank, and carries an all-in rate of 11.16 per cent on an average life of 16 years.

At 60 cents cash per share for the 33m Oudemeester shares it does not own, Rembrandt is committed to an outlay of *R20m* and may also face outlays for its textiles subsidiary, I. L. Back. A further cash requirement is *likely from the Group's beer* division. Intercontinental Breweries, an unlisted company whose shares are being bought in at the same time as those of Oudemeester.

Speaking at the Rembrandt Group's annual meeting in Stellenbosch on September 1, Dr. Anton Rupert told shareholders that Intercontinental, which is currently engaged in a R16m expansion scheme, is aiming for 20 per cent of the domestic beer market. This move involves a direct assault on the long-established position of South African Breweries.

Dr. Rupert told shareholders that these plans will demand great expense and investment in market development and capital *projects*. Rembrandt was prepared to make the funds available, he said, but this acquisition of the outstanding shares in Oudemeester and Intercontinental was imperative for the beer expansion strategy.

Rembrandt's forthcoming issue follows three weeks after a R40m unsecured debenture issue by SA Breweries, pitched at an all-in rate of 11.26 per cent, which attracted R50m in subscriptions and was at the time the largest issue of its kind.

The coupon on the Rembrandt issue, 10 points below South African Breweries, confirms the *continuing gradual decline of* local interest rates. Money market sources believe that at least another R100m of private sector borrowings is in the pipeline and can be expected before the year end.

Small rise in Ansett profits

BY JAMES FORTH

SYDNEY, Sept. 27.

ANSETT Transport Industries, the airline, transport, travel, television and manufacturing group, lifted group profit by 6.6 per cent from A$17.3m to A$18.4m (US$21m) in 1977/78. The directors are cautious about the prospects for the current year. They expect that the rise in air prices arising from the Government's *recent decision to increase* domestic oil prices will have an adverse impact on air travel, which is one of the major areas *of operations*.

The dividend is held at 10 cents a share and is covered by earnings of 25.7 cents, compared with 24 cents in 1976-77. The group result does not include any earnings from the recently acquired Avis car rental group. The acquisition was disputed by *the Trade Practices Commission* and Ansett did not succeed with the takeover until after the end of the financial year on June 30.

The profit was earned on a 15.8 per cent increase in group sales, from A$440m to A$510m (U.S.$590m).

Extraordinary profits totalled A$582,000. This was mainly attributable to foreign exchange gains of A$312,000. In the previous year, Ansett *incurred* foreign exchange losses of A$5.5m.

The directors said that there *had been a continuing degree of* uncertainty and hesitancy in a number of areas of operation during the past year. This had resulted in the achievement of little or none of the growth anticipated in these areas. One exception was air passenger traffic.

Close attention was paid during the year to the control of aircraft capacity and other operating costs in an effort to *keep airline fare rises to a mini*mum, the directors added.

However, the group still had to increase prices by 6 per cent in July, and a further rise was now expected.

The directors said that freight express activity reflected the downturn experienced by manufacturing industries. Trading conditions were difficult in this highly competitive industry, with *continuing increases in operat*ing costs. Price cutting in road freight rates was prevalent, they added.

The *television* stations in Melbourne and Brisbane reflected the slowing down of the rate of revenues growth in *the television industry generally*.

The group's insurance offshoot extended its worldwide insurance portfolio and contributed *substantial profits, both from* underwriting and from its investments.

The 48.4 per cent owned finance company, Associated Securities, showed continuing improvement through significant growth in hire purchase and personal loan finance, and managed to record a modest profit.

Hanimex setback but payout up

BY OUR OWN CORRESPONDENT

SYDNEY, Sept. 27.

HANIMEX Corporation, the international photographic and leisure group, suffered a 35.8 per *cent slump in earnings, from* A$4.68m to A$3.0m *(U.S.$3.4m)* in the year to June 30, but has raised its dividend from 6.5 cents *to 7 cents a share. The directors* cited a number of factors, including losses from consumer electronics activities in the U.S. and *Australia*, for the setback.

Group sales rose 4.4 per cent, from A$110m to A$115m (U.S.$133m). The directors said that the 1977 year included substantial sales and profit contributions on the part of export sales from Japan, Hong Kong and Taiwan to major U.S. and European customers, but that they were not repeated in the 1978 year.

All subsidiaries suffered from disturbed market conditions, arising from rapid movements in *currency values, particularly the* upward movement of the yen. There was a temporary impact on margins, although a satisfactory level had since been restored.

The manufacturing plant at Michigan, in the U.S. was reorganised which created costs that could not be recouped during the year but allowed a basis for a sound future programme.

The directors added that stocks were reduced during the year by A$4.5m. This was at a significant cost to the year's profit but *would lead to improved efficiency* and lower financial costs.

Trading conditions were still difficult and currency uncertain*ties remained but the board was* confident that the problems identified were being overcome, and that active marketing plans now being implemented would assist the current year's performance.

The latest result is equivalent to earnings of 17.5 cents a share, compared with 27.6 cents in 1976-77.

Downturn at Life Savers

By Our Own Correspondent

SYDNEY, Sept. 27.

LIFE SAVERS (Australasia), the confectionery group, suffered a slight downturn in earnings for the year to June 30 despite a 27 per cent increase in group sales. The directors said there were a number of factors which constrained profit, of which the most significant was the very high *cost of cocoa and chocolate*.

Profit dipped 3.2 per cent, *from* A$1.79m to A$1.74m while sales rose from A$30.5m to A$38.8m. The directors have nevertheless raised the dividend from 14 cents a share to 15 cents. The result equalled earnings of 24.9 cents a share compared with 25.7 cents *in the previous* year.

The directors said high costs, the restrained level of consumer spending and intense competition *narrowed the profit margins*. The high prices for cocoa and chocolate also required a major increase in stocks.

There were more favourable indications in regard to the funds required for stock in the current year, but in a market as volatile as cocoa commodities firm pre*dictions were difficult*.

Investment in updating plant and facilities in the current year was planned.

Securities firms urge postponement of issue

TOKYO, Sept. 27.

LEADING Japanese securities companies want the government to postpone the planned October flotation of five-year discount national bonds, *saying that it will* be impossible to sell them at the pre-set yield of 5.711 per cent, according to securities sources.

They said the companies, to which the bonds are to be allocated for sale to the public, will probably ask the Finance Ministry formally for a postponement at a meeting on September 29.

Finance Ministry officials said that the Ministry has not decided the total volume of October national bond issues, or whether five-year discount issues will be included.

A *postponement would give* the Ministry time to consider whether the five-year issue yield, which was to be unchanged for *the whole of fiscal 1978 ending* next March, should be increased, the sources added.

Difficulties that the securities companies would have in disposing of their allotments highlight the growing problems that the Government faces in placing national bond issues. Reuter

Hong Kong utilities show gains

BY OUR OWN CORRESPONDENT HONG KONG, Sept. 27.

TWO PUBLICLY quoted Hong Kong power utilities have announced improved profits performance in the first six months of this year, to June 30.

Hong Kong Electric Holdings, *one of the two major electricity* companies here, announced a 26 per cent rise in pre-tax profits to *HK$ 106m* (U.S.$22.3m) and a 40 per cent increase in the interim dividend to 9 cents a share.

Hong Kong and China Gas Company, the monopoly supplier of town gas in the colony, increased pre-tax profits by 9 per *cent to HK$ 14.9m (U.S.$ 1m)* at the interim stage, and is paying a second interim *dividend* of 19 cents a share, as forecast.

Property groups suspend talks

By Anthony Rowley

HONG KONG, Sept. 27.

HUTCHISON Properties, part of the Hutchison International group, and City and Urban Properties, a joint venture between the Hongkong and Whampoa Dock Company and Tai Cheung Properties, have suspended their merger talks, it *was announced today*.

Based on share prices at the suspension of trading on August 23, when talks were first announced, a combined group would have had a market capitalisation of about HK$965m.

City and Urban said that Union Estate company (subsidiary of Tai Cheung) had presented a petition to the Supreme Court here seeking either to wind up *City* and Urban or to compel Hutchison Whampoa to purchase the 56.4m one-dollar shares in City and Urban *held by* Union Estate on behalf of Tai Cheung.

City and Urban said that it would oppose the petition and, in the circumstances, the talks being held between the financial advisers to City and Urban and Hutchison Properties had *been suspended "pending* clarification of the position." Both companies have asked the stock Exchanges here to resume trading in their shares.

Four directors or alternate directors of City and Urban who are also directors of Tai Cheung—Chan Tak Tai, Lamson Kwok, David Pun Chan and Tong Tin Sun—have resigned from the City and Urban board. Chan has also *resigned from the board of* Hutchison Properties.

Meanwhile City and Urban and Hutchison have decided to *release financial information* which had been prepared for the merger discussions.

City and Urban directors forecast that profits after tax for the calendar year 1978 will be HK$56.3m (U.S.$12m), against HK$46m last year.

Independent valuations of City and Urban Group Properties as at August 31 give rise to a surplus over book values *of HK$191m*. Total net tangible assets of the group at that date, adjusted for the revaluations, amounted to HK$566.7m or HK$1.77 per share.

Hutchison Properties said that profits of the group in the first eight months of this year were HK$18.6m (U.S.$3.9m).

Employees block Sumitomo, Kansai link

By Yoko Shibata

TOKYO, Sept. 27.

SUMITOMO BANK, the third largest of the Japanese city banks and Kansai Sogo Bank, the medium-sized mutual savings bank, *have decided to* shelve their merger negotiations indefinitely because of increasing opposition from Kansai Sogo Bank *employees*. Kansai Sogo freezed the talks because it feared a deterioration in labour relations. The fears were heightened by the approach of the bank's active year-end season, according to analysts.

The merger talks were initiated by the president of Kansai Sogo Bank, Mr. Ryusuke Kawada, who approached Mr. Ichiro Isoda, president of the Sumitomo Bank in January. The merger plan, on an equal basis, was officially announced by the presidents of both banks on July 12.

However, the Bank Union and the liaison committee of branch managers of Kansai Sogo Bank have fought against the merger, claiming that the bank's position did not require it.

At the same time, *a group of* clients of Kansai Sogo Bank *have formed an anti-merger* committee.

Currency, Money and Gold Markets

Dollar shows no clear trend

The U.S. dollar recorded mixed fortunes in yesterday's foreign exchange market with trading largely influenced by the U.S. trade figures for August. Condi*tions in the morning saw the U.S.* currency slightly down against major currencies but it had recovered somewhat by lunchtime *in nervous trading*. The trade figures showed a deficit of $1.62bn compared with a $2.99bn deficit in July. With the market bracing itself for a figure somewhere between $2bn and $3bn, the announcement came as a pleasant surprise and the dollar was sharply firmer as a result. How*ever confidence in the dollar is* at such a low ebb at the moment that any good news was likely to prompt some improvement and since the fundamental issues affecting the dollar remained unchanged, selling soon developed at these higher levels and it *finished below its best*.

Against the Swiss franc, the dollar closed at SwFr 1.4960 compared with SwFr 1.4845 on Tuesday. *At one point during the* afternoon it touched SwFr 1.5030 after a day's low of SwFr 1.4820. On the other hand, the West German mark was firmer at DM 1.9405 compared with *DM 1.9482½* with a day's spread of DM 1.9330-1.9530. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 9.3 per cent from 9.2 per cent.

Sterling opened at $1.9685-1.9695 and improved to $1.9750-1.9790 before falling on the dollar's rise to $1.9665. It closed at $1.9700-1.9710, a fall of just 10 points. On Bank of England figures the pound's trade weighted index eased slightly to 62.6 from 62.7 on Tuesday, having stood at 62.7 at noon and 62.6 in early dealings.

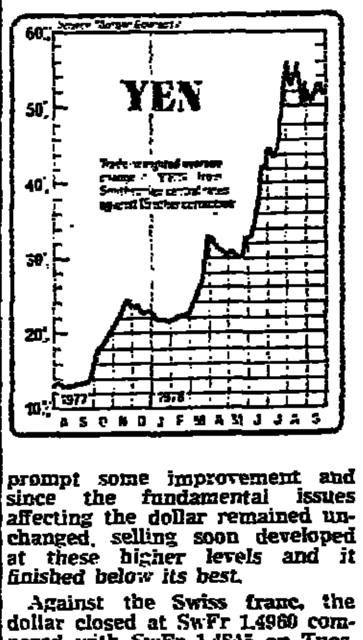
NEW YORK—After opening slightly lower, the dollar was sharply firmer on the better than expected trade figures for August. The D-mark was quoted at *DM 1.9475* compared with an opening level of DM 1.9365 and Tuesday's close of DM 1.9480, while the Swiss franc eased to SwFr 1.5010 from an opening of SwFr 1.4860 and Tuesday's close of SwFr 1.5000.

FRANKFURT—The dollar was fixed at DM 1.9385 compared with Tuesday's fixing of DM 1.9336 previously. Trading ahead of the U.S. trade figures was nervous with some selling *developing* on expectations of a larger than July deficit. However, the improved trade figures prompted strong gains although these were short lived. The *dollar* was quoted at DM 1.9500 shortly after the announcement before easing back to DM 1.9410.

AMSTERDAM—There does not appear to be any *chance* of a devaluation in the Dutch guilder, according to a Government spokesman. The authorities have recently raised interest rates in an effort to support the guilder which has been languishing on or around its lowest permitted level against the Deutsche Mark within the European "snake." The dollar was fixed at Fl 2.1070 compared with Tuesday's fixing of Fl 2.0990.

BRUSSELS — The Belgian National Bank bought DM 10.4m at the fixing in an effort to boost the Belgian franc. The latter was fixed at BFr 15.764 in terms of the Deutsche Mark, slightly above its floor level, although it did touch its lowest permitted point within the European "snake" after the Central Bank's decision to leave the discount and Lombard rates unchanged at 6 per cent.

TOKYO—The dollar gained over the yen to close at Y189.35 compared with Y188.625 previously. Some demand may have been prompted by recent remarks over a projected narrower U.S. trade deficit for 1979 and a new export promotion policy.



THE POUND SPOT

Sept. 27	Bank rate %	Day's Spread	Close
U.S. $	9	1.9665-1.9750	1.9700-1.9710
Canadian $	[illegible]	2.3125-2.3225	2.3175-2.3185
Guilder	[illegible]	[illegible]	[illegible]
Belgian F	[illegible]	[illegible]	[illegible]
Danish K	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Norwgn. K	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible].

* Rate for French franc for Sept. 26 should be [illegible].

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible]. 12-month [illegible].

THE DOLLAR SPOT

September 27	Day's spread	Close
Canada's	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]
Port. Esc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn. Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

September 27	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

September 27	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 27	£	$		Note Rates
Argentina Peso	1,697-1,701	861.20-863.23	Austria	27.50-28.50
Australia Dollar	1.7025-1.7045	0.8639-0.8649	Belgium	62.70-63.50
Finland Markka	7.9290-7.9370	4.0245-4.0265	Denmark	10.55-10.70
Brazil Cruzeiro	37.52-38.52	19.04-19.5	France	8.60-8.70
Greece Drachma	71.792-73.546	36.45-37.32	Germany	3.80-3.90
Hong Kong Dollar	9.34-9.37	4.7530-4.7550	Italy	1615-1640
Iran Rial	135-141	70.45-70.65	Japan	371-381
Kuwait Dinar (KD)	0.550-0.540	0.27190-0.2721	Netherlands	4.12-4.22
Luxembourg Franc	60.40-60.50	30.58-30.60	Norway	10.12-10.22
Malaysia Dollar	4.49-4.510	2.2880-2.2930	Portugal	89-104
New Zealand Dollar	1.8541-1.8631	0.9410-0.9453	Spain	142½-147½
Saudi Arabia Riyal	6.49-6.59	3.3215-3.3265	Switzerland	2.90-3.00
Singapore Dollar	4.39-4.410	2.2345-2.2365	United States	1.97-1.99
South African Rand	1.7000-1.7260	0.8625-0.8760	Yugoslavia	39.00-41.00

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Sept. 27	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.971	3.825	373.0	8.595	2.948	4.158	1631.	2.318	60.30
U.S. Dollar	0.507	1.	1.941	189.3	4.362	1.496	2.119	822.8	1.176	30.60
Deutsche Mark	0.261	0.515	1.	97.52	2.247	0.771	1.087	423.9	0.608	15.76
Japanese Yen 1,000	2.681	5.283	10.25	1000.	23.04	7.902	11.15	4347.	6.214	161.7
French Franc 10	1.163	2.293	4.450	434.0	10.	3.429	4.837	1886.	2.697	70.16
Swiss Franc	0.339	0.669	1.298	126.5	2.916	1.	1.411	550.0	0.786	20.46
Dutch Guilder	0.241	0.474	0.920	89.72	2.067	0.709	1.	390.0	0.558	14.50
Italian Lira 1,000	0.617	1.215	2.359	230.1	5.301	1.818	2.564	1000.	1.430	37.19
Canadian Dollar	0.431	0.850	1.650	160.9	3.708	1.272	1.794	699.4	1.	26.01
Belgian Franc 100	1.658	3.268	6.343	618.6	14.25	4.888	6.895	2689.	3.844	100.

EURO-CURRENCY INTEREST RATES*

Sept. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9½-10⅛	8⅝-8⅞	8¼-9¼	7-8	2¾-3¼	3⅛-3⅜	12-13	50-90		2¼-4⅛
7 day's notice	12-13	8½-8¾	8¼-9¼	8¼-8½	½-⅝	3⅛-3⅜	8-9	26-39	10¼-10⅜	1¾-3⅞
Month	12½-13¾	8½-8¾	8⅞-9¼	8⅜-8⅝	½-⅝	3⅜-3½	9⅛-9⅜	22-17	8⅝-8¾	1⅞-2¼
Three months	13⅛-13⅝	9⅝-9⅞	9¼-9⅝	8⅝-8⅞	⅞-1	3½-3⅝	9½-9¾	16-21	9⅛-9⅜	2¾-3⅛
Six months	13⅜-13⅝	9¾-10	9⅛-9⅜	8⅞-9⅛	1-1⅛	3⅝-3¾	9⅞-10⅛	15-17	9⅞-10	3¼-3⅝
One year	13¼-13¾	9¾-10	9⅛-9⅜	8¾-9	1⅛-1⅜	3¾-3⅞	10⅛-10¾	15½-17½	9⅞-10	3⅜-3⅝

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.10-9.00 per cent; three months 9.40-9.30 per cent; six months 9.75-9.85 per cent; one year 9.55-9.75.

Long-term Eurodollar deposits: Two years 9⅝-9⅞ per cent; three years 9⅝-9⅞ per cent; four years 9⅝-9⅞ per cent; five years 9⅝-9⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian bank rate unchanged

Belgium's central bank left its official discount and lombard rates at 6 per cent yesterday, despite the recent increase in short-term certificate rates and the rise of 1 per cent in Holland's bank rate on Monday. Immediately after the announcement from Brussels the Belgian franc *fell to its floor of BFr 15.765* against the Deutsche Mark.

The rise in Belgian Treasury paper earlier in the week, and the move by the Dutch authorities, was widely expected to be followed by an increase in Belgium's official monetary rates by ½ per cent or even 1 per cent. During the last week the Belgian franc and Dutch guilder have been under pressure against the Deutsche Mark within the European currency snake as a result of speculation that both currencies may be devalued against the German unit upon the formation of an enlarged European Monetary System. Brussels call money fell to 4.13 per cent from 5.15 per cent in the afternoon. Early money market rates had been sharply higher.

*NEW YORK—The Federal Re*serve gave assistance to the money market yesterday by way *of a redeposit of funds*, thus taking money out of its Fed account and putting it back into the monetary system. The action should have put downward pressure on the Federal funds rate, but there was no sign of this in *early* trading. Federal funds touched 9½ per cent yesterday morning, and were *generally traded around 9⅛-9¼ per* cent. Some market sources expected the Fed to inject further liquidity before lunch by way of repurchase orders.

ROME—Increased demand for Italian Treasury bills pushed the yield down by 0.2 per cent to 0.4 per cent at yesterday's monthly *auction. The fall was expected* following the reduction in the official discount rate to 10½ per cent from 11½ per cent at the beginning of this month. Italian commercial banks were net buyers of bills, increasing their holdings to L3.813 trillion (million million) from L3.414 trillion. A total of L5.25 trillion of bills were placed.

Three-month bills sold for 97.45 per cent of par value, to yield 10.46 per cent, down from 10.89 per cent at the August auction. Six-month bills sold for 94.65 per cent, to yield 11.30 per cent, compared with 11.53 per cent, while 12-month sold for 89.05 per cent, and the yield fell to 12.30 per cent from 12.55 per cent.

PARIS—Money market rates were generally steady, with day-to-day unchanged at 7½ per cent. One-month money was 7⅞-7$\frac{15}{16}$ per cent, *compared with* 7$\frac{13}{16}$-7$\frac{15}{16}$ per cent previously, and three-month was unchanged at 7½-7⅝ per cent. Six-month funds commanded 8$\frac{1}{16}$-8$\frac{3}{16}$ per cent, against 8⅛ per cent, and 12-month was unchanged at 8¼-8⅜ per cent.

AMSTERDAM—Call money was unchanged at 6¼-6½ per cent, but other rates were firmer, with one-month money rising to 8-8¼ per cent from 7¾-7⅞ per cent; three-month to 8¾-9 per cent from 8-8¼ *per cent; and six-month to 8¾-9¼* per cent from 8-8¼ per cent.

FRANKFURT—Call money was unchanged at 3.5-3.55 per cent; *while one-month* was quoted at 3.60-3.65 per cent against 3.55-3.65 per cent; three-month at 3.70-3.75 per cent compared with 3.70-3.80 per cent; six-month at 4.00-4.05 per cent against 3.90-4.10 per cent; and 12-month at 4.15-4.20 per cent compared with 4.15-4.25 per cent.

GOLD

Further decline

Gold continued to weaken in the London bullion market yesterday and closed at $215-215½, a fall of $2 an ounce. The metal showed a firmer tendency after opening at $216½-217 to be fixed at $217.15 in the morning. However, it soon fell away to $212-213 after the U.S. trade figures announcement and was fixed *during the afternoon* at $214.80. Trading was steady in the late afternoon with little activity.

In Paris the 12½ kilo bar was fixed at FFr 29.800 ($212.34 per ounce) compared with FFr 30,[illegible] ($213.88) in the morning and FFr 29,980 ($213.77) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM13,510 per kilo ($216.77 per ounce) compared with DM 13,650 ($213.77) previously.

	Sept. 27	Sept. 26
Gold Bullion (a fine ounce)		
Close	$215-215½	$217-217½
Opening	$216½-217	$217-217½
Morning fixing	$217.15 (£109.772)	$219.18 (£110.[illegible])
Afternoon fixing	$214.80 (£108.836)	$218.25 (£110.[illegible])
Gold Coins, domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins, internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit was in good supply in the London money market yesterday, and the authorities absorbed surplus funds by selling a moderate amount of Treasury bills to the discount houses.

Banks brought forward modest surplus balances, and the market was also helped by a sizeable excess of Government disbursements over revenue payments to the Exchequer, and a slight fall in the note circulation. These factors outweighed a net market take-up of Treasury bills.

Discount houses paid up to 5¼ per cent for secured call loans. Late balances were found at 5 per cent in places, although most money was taken at 7½-8 per cent.

In the interbank market overnight funds commanded 9¼-9½ per cent at the start, and fell to 6-6½ per cent at the close.

LONDON MONEY RATES

Sept. 27 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	6-9½	—	—	—	8½	5-8½	—	—	—
2 days notice	—	—	8⅞-9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9	—	—	—	—
7 days notice	—	8¾-9⅛	9-9⅛	—	9⅛	—	8¼-8⅝	—	—	—
One month	9⅛-9	9⅛	9-9¼	9½-9⅛	9⅝	9⅝-9½	8⅝-8¾	8¾-8⅞	9⅛	9½
Two months	[illegible]	[illegible]		9⅜-8⅝	9⅞		9-9⅛	[illegible]	9⅛	9½
Three months	[illegible]	[illegible]	9¼-9⅜	9⅞-9⅝	10	9¾	9⅛-9¼	9-9$\frac{1}{16}$	[illegible]	9⅝
Six months	[illegible]	9⅝-9¾	9⅜-9½	9½-9⅝	10¼	—	—	—	9⅜-9½	9⅞
Nine months	[illegible]	9⅞-10		9¾-10¼	10½	—	—	—	—	—
One year	[illegible]	10-10⅛	9⅞-10⅛	9⅞-10⅛	10⅝	—	—	—	—	—
Two years		—	10¾-11⅛		—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 11½-11¾ per cent; five years 12-12½ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9$\frac{13}{32}$-9$\frac{7}{16}$ per cent; four-month trade bills 9¾ per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent; and two-month [illegible] per cent; three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. One-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from September 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount [illegible].

MONEY RATES

NEW YORK

Prime Rate	[illegible]
Fed Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]

GERMANY

Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

FRANCE

Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

JAPAN

Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

Sharp late sell off on prime rate rise

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—88¼% (90¼%)

Effective $1.9705 42¾% (44¾%)

SHARP LATE sell-off drove prices broadly lower in moderate trading on Wall Street yesterday, following a rise in the prime rate which spread through the Banking Industry.

After opening another 4.15 up at 2.31 on the improved August trade figures, the Dow Jones Industrial Average dropped to 860.19, for a net loss of 7.97. The NYSE All Common Index, at $57.51, lost 50 cents, while declines led gains by 983-to-500. Trading volume further expanded 2.04m shares to 28.37m.

Analysts said the stage for the sell-off was set earlier when the market proved unable to sustain Tuesday's technical rally, even with the help of a narrowed August trade deficit.

Banks raised their prime rates to 9¾ per cent from 9½ per cent.

The Commerce Department reported the August trade deficit narrowed to $1.62bn from $2.98bn in July. The Commerce Secretary said the fall was due to fundamental rather than special factors.

In another bullish development, the Senate passed and sent to the House the Natural Gas Price Deregulation Bill, a key part of President Carter's Energy Programme.

Concern about the Rail strike and continuing inflationary pressures added to the Stock Market's woes, analysts said.

A number of "glamour" and Blue Chip issues were hard hit in the sell-off. Eastman Kodak fell $2¾ to $59¾ and Polaroid $2 to $47¾, both in active trading. Also active, Sears Roebuck slipped $¼ to $22¾ and Exxon $¼ to $51½.

IBM dropped $6 to $275. Teledyne $1¼ to $98¾, Smithkline $1¼ to $88¼, Honeywell $1¾ to $64¾, Merrill Lynch $1½ to $31, Philip Morris $1¾ to $71¾, Tandy $2 to $27¾ and Burroughs $1¾ to $76¾.

Ramada Inns led the actives, sliding $¾ to $13¾ — it agreed in principle to buy an Atlantic City hotel for a casino.

In second place, Carrier, the target of United Technologies' takeover plans at $28 a share, fell $1¼ to $26¼. United Technologies shed $¾ to $43.

American Telephone rose $¼ to $61¾ — it said "1978 could be its best year ever."

Twentieth Century-Fox lost $1 to $45¾ — third-quarter profits could trail those of a year ago, which soared on the strength of its film "Star Wars."

Gulf and Western Industries eased $¼ to $14¼—its board backed a tender for all the shares of Simmons Company it doesn't yet own at $18 each. Simmons did not trade.

General Dynamics gave way $2¼ to $81½—it is tendering for 834,179 shares of American Telecommunications Common at $23.50 each. American Telecom tacked on $¾ at $22¾ bid in "over-the-counter" trading.

Washington Steel jumped $2¼ to $25¾, but the company said it didn't know of any recent development to account for activity in its stock.

Sunshine Mining slipped $¾ to $12¼ — Hunt International Resources, off $¼ to $14¾, announced that preliminary proposals are being discussed with Sunshine management about a possible combination.

THE AMERICAN SE Market Value Index was off 0.82 at 167.43, while the volume rose to 3.77m (3.047m) shares. Trading 152,600 shares, Instrument Systems, the most active issue, closed unchanged at $1¾. Also active were Great Basins Petroleum, up $¼ to $7¾. Syntex, down $¼ to $34. Den-tal-ez, which will be acquired by Snytex, eased $¼ to $19¾.

Active McCulloch Oil gained $¾ to $5¾—it said a California well in which it has a 29 per cent stake tested 8m cubit feet of gas daily. Houston Oil fell $¼ to $23¾.

Canada

Share prices closed higher in active trading, with the Toronto Composite Index up 1.5 to 1,272.0, although markets moved off morning highs as the Oil and Gas Index trimmed most of its early 10½ point gain.

The Paper and Forest Index jumped more than 28 points as *Price Co. climbed $1¾ to $20 and* Abitibi added $¾ at $18¾ before trading in the companies' shares was halter. Abitibi said it is holding negotiations which are expected to continue until Friday. It did not elaborate.

Chum gained $1½ to $11½, Crown Zellerbach "A" $1½ to $23½, Indusmin $¾ to $15 and Consolidated-Bathurst "A" $1 to $35.

Hayes-Dana shed $¾ to $9¾, despite higher year earnings and a bullish first quarter forecast.

Tokyo

Market average rose 44.35 to a post-war record high of 5,738.27 in heavy trading—430m (230m) shares—with increased buying interest over a wide front, including Electricals, Cables, Pharmaceuticals and Vehicles.

The upsurge, helped by increased Institutional buying and also from Investment Trusts more than offset an anticipated decline due to ex dividend and ex right positions for a large number of Corporates.

Matsushita Electric Industrial gained Y10 to Y743, Sony Y30 to Y1,540, TDK Electronic Y70 to Y2,250, Isuzu Motors Y19 to Y383, Asahi Optical Y26 to Y536 and Hoya Glass Y30 to Y870.

Nippon Mining advanced Y10 to Y137 but trading was temporarily suspended shortly before the close following reports it discovered new oil and gas reserves in Northern Japan.

Germany

Movements were mixed, with Motors, Engineerings, Banks and Stores generally recording gains and losses of up to DM1. VW were an exception, shedding DM1.90 to 240.7.

Chemicals and Engineerings were little changed, apart from BBC which gained DM7.

The Domestic Bond Market was also mixed, with losses of up to 20 pfennigs outweighing gains of up to 10 pfennigs registered in Public Authority issues. The Regulating Authorities sold a nominal DM3.5m worth of stock.

Mark Foreign Loans were firmer.

Paris

The market continued firm and active aided by the steadier franc, the higher overnight trend on Wall Street and expectations that the August Retail Price Index, due this week, will be lower.

The rise was led by Carrefour, Perrier, Babcock, Prenatal and Europe 1. The last three of these went up the limit.

Generale Occidentale and Martell were notable in Foods, Michelin in Rubbers, Thomson in Electricals and Roussel in Chemicals.

Switzerland

Prices advanced in active trading, bolstered by the recovery of the dollar. Buying at the lower levels was particularly active in shares which suffered sharp losses in Tuesday's trading following the strong rise of the Swiss franc.

In Transportations, Swissair Bearer pared an initial gain.

Domestic and Foreign Bonds edged higher in moderately active trading.

Dollar stocks closed generally below New York levels in moderate trading. French and Dutch shares were very steady apart from Royal Dutch which rose on active demand, Germans recovered strongly.

Australia

Markets closed firm with Uraniums and Diamonds particularly active.

Flow tests results from the Strzelecki No. 3 well pushed Santos, which holds a 35 per cent interest, up 15 cents to $A2.15 and Crusader, with its 30 per cent interest, up 13 cents to 98 cents.

Peko added 12 cents at 6.20, EZ Industries rose 10 cents to 3.10, despite its profit slump. Pancontinental advanced 80 cents to 13.70.

Selected Diamonds moved ahead on the strength of the encouraging news contained in the Ashton Mining prospectus.

Magnet gained 4 cents to 49 cents, Western Queen 3 cents to 36 cents and Golden Plateau 10 cents to 1.20.

Milan

Stocks again closed lower in thin trading.

Fiat shed L35 to 2825 but above its low for the day.

Snia Viscosa and Assicurazioni Generali each firmed against the general trend, but most other Financial and Industrial leaders fell.

Bonds were quietly mixed.

Hong Kong

Market closed firm but below the day's highest levels in moderately active trading.

Gains were mostly limited to around 10 cents in Blue Chips, although Jardine Matheson advanced 40 cents to HK$17.80. Hong Kong Bank put on 10 cents to HK$19.80, Hong Kong Land, also 10 cents to HK$12.30 and Hutchison Whampoa 5 cents to HK$6.50.

Jardine Securities were marked up 29 cents to HK$8.20 and Cheong Kong 10 cents to HK$12.70. Sun Hung Kai Securities firmed to HK$3.025.

Johannesburg

Gold shares closed easier, reflecting a general lack of interest.

Losses ranged to 90 cents in the case of St. Helena at R14.60. Mining Financials were lower in line with producers.

De Beers shed 6 cents to R757 and Anamint lost 100 cents to R77.0.

Platinums were generally at previous levels, while Coppers were steady to a fraction lower.

The Industrial Market was lower, although market leaders were generally little changed.

Oslo

Bankings were easier, Insurances unsteady, Shippings and Industrials mixed.

Copenhagen

Mixed in moderate dealings. Banks were narrowly mixed, Shippings fractionally lower, Commodities and Industrials irregular.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs: including Unilac div. *p* Nom. *q* Share split. *s* Div and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked † Bid. § Traded. ‡ Seller. *z* Assumed *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. △ Interim since increased.

Indices

NEW YORK—DOW JONES

	Sept. 27	Sept. 26	Sept. 25	Sept. 22	Sept. 21	Sept. 20	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	860.19	868.16	862.58	862.44	861.14	857.16	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.85	88.94	88.90	89.06	89.13	89.05	90.88 (4/1)	86.75 (11/7)	—	—
Transport	242.65	245.42	242.55	241.58	242.01	245.13	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.26	106.08	105.78	105.72	105.98	106.85	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	28,370	26,330	20,970	27,980	33,640	35,220	—	—	—	—

* Basis of Index changed from August 24

Ind. div. yield %	Sept. 22	Sept. 15	Sept. 8	(Year ago approx)
	5.60	5.39	5.21	5.37

STANDARD AND POORS

	Sept. 27	Sept. 26	Sept. 25	Sept. 22	Sept. 21	Sept. 20	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	112.62	115.73	112.85	112.81	112.86	112.65	116.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	101.66	102.62	101.86	101.84	101.90	101.73	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/65)	4.40 (1/6/32)

	Sept. 20	Sept. 13	Sept. 6	Year ago (approx.)
Ind div. yield %	4.85	4.63	4.57	4.67
Ind. P/E Ratio	9.43	9.88	10.06	9.40
Long Gov. Bond yield	8.47	8.53	8.57	7.62

N.Y.S.E. ALL COMMON

Sept. 27	Sept. 26	Sept. 25	Sept. 22	1978 High	1978 Low
57.51	57.81	57.38	57.57	60.58 (11/9)	48.37 (6/3)

Rises and Falls

	Sept. 27	Sept. 26	Sept. 25
Issues traded	1,881	1,878	1,873
Rises	500	987	621
Falls	983	469	829
Unchanged	398	422	423
New Highs	—	28	19
New Lows	—	13	12

		Sept. 27	Sept. 26	Sept. 25	Sept. 22	1978 High	1978 Low
MONTREAL	Industrial	—	209.90	206.80	206.24	211.56 (11/9)	162.50 (16/2)
	Combined	—	216.59	215.57	215.05	217.71 (11/9)	170.82 (30/1)
TORONTO	Composite	1272.0	1270.5	1259.8	1259.5	1288.9 (13/9)	998.2 (30/1)
JOHANNESBURG	Gold	255.4	258.7	258.4	260.1	272.0 (14/7)	186.0 (20/4)
	Industrial	264.4	266.0	266.8	268.5	271.1 (16/9)	194.9 (13/3)

	Sept. 27	Previous	1978 High	1978 Low
Australia (‡)	566.74	566.64	566.79 (22/9)	441.19 (1/3)
Belgium (‖)	99.45	99.55	101.16 (8/5)	90.43 (23.6)
Denmark (**)	95.06	95.21	98.95 (14/6)	94.00 (8/2)
France (††)	79.3	78.9	79.3 (27.9)	47.8 (3/2)
Germany (‡‡)	846.9	846.7	846.9 (27/9)	759.4 (17/5)
Holland (§§)	88.1	88.3	93.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	637.77	632.47	707.70 (4/9)	383.44 (13.1)
Italy (‖‖)	77.06	78.04	82.62 (25/8)	56.45 (10/1)
Japan (a)	431.75	429.92	431.75 (27/9)	364.04 (4/10)
Singapore (b)	362.52	361.02	414.50 (8/9)	282.0 (9/1)

	Sept. 27	Previous	1978 High	1978 Low
Spain (d)	98.30	99.06	110.7c (9/6)	87.88 (11/3)
Sweden (e)	386.68	387.59	400.0c (4/4)	325.74 (4/1)
Switzerl'd (f)	266.0	261.6	323.7 (11/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). ‡ Excluding bonds. † 400 Industrials. ‡ 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec., 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. *a* Tokyo New SE 4/1/68. *b* Straits Times 1966. *c* Closed. *d* Madrid SE 30/12/77. *e* Stockholm Industrial 1/1/58. *f* Swiss Bank Corporation. *u* Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Ramada Inns	870,200	13¾	−1¾
Carrier	821,700	26¼	−1¼
Sears Roebuck	377,400	22¾	−¼
Exxon	317,000	51½	−¼
Pan Am. Airways	296,000	6⅞	—
Am. Tel. and Tel.	261,400	61¾	+¼
Occidental Petrolm.	201,590	19¾	+¼
Eastman Kodak	194,300	59¾	−2¾
Holiday Inns	159,508	26¾	−¾
Polaroid	178,100	47¾	−2

NEW YORK

[illegible]

CANADA

[illegible]

† Bid. ‡ Asked. § Traded. ‖ New stock.

GERMANY ◆

Sept. 27	Price Dm.	+ or —	Div. %	Yld. %
AEG	87.6	+0.2	—	—
Allianz Versich	528	−1	31.2	2.9
BMW	229.0	......	28.12	6.1
BASF	140.1	......	18.76	6.7
Bayer	142.5	+0.2	18.76	6.6
Bayer-Hypo	296.5	+1.0	28.12	4.8
Bayer-Vereinsbk.	340.5	−0.5	18	2.7

[illegible]

TOKYO ¶

Sept. 27	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	530	−1	14	2.1
Canon	464	+9	12	1.3
Casio	874	+4	25	1.4
Chinon	400	−8	20	2.5
Dai Nippon Print	580	+15	18	1.6
Fuji Photo	581	+11	15	1.3
Hitachi	224xd	......	12	2.7

[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

Sept. 27	Aust. $	+ or —
ACMIL (25 cents)	†0.77	......
Acrow Australia	†0.92	+0.02
AMATIL $1	†2.23	+0.03
Ampol Exploration	†1.36	−0.04
Ampol Petroleum	†0.69	......
Assoc. Minerals	‡1.80	−0.05
Assoc. Pulp Paper $1	†1.70	+0.01

[illegible]

OSLO

Sept. 27	Price Kroner	+ or —	Div. %	Yld. %
Bergen Bank	98.5	−0.5	9	9.1
Borregaard	74.5	+0.5	—	—
Creditbank	113.5	+0.5	11	8.9
Kosmos	330	......	20	6.2
Kreditkassen	112.5	+0.5	11	9.8
Norsk HydroKr80	237.75	+5.75	12	4.0
Storebrand	97.5	−2.5	7	7.2

BRAZIL

Sept. 27	Price Cruz	+ or —	Cruz Div.	Yld. %
Acesita	0.94	−0.01	0.12	12.76
Banco do Brazil	1.74	+0.02	0.16	9.19
Banco Itau PN	1.41	−0.01	0.37	26.42
Belgo Mineira OP	1.12	+0.01	0.08	7.14
Lojas Amer. OP	3.50	−0.03	0.20	5.71
Petrobras PP	2.33	......	0.13	5.57
Pirelli OP	1.47	+0.04	0.16	10.88
Souza Cruz OP	2.55	......	0.22	8.62
Unip PE	6.00	......	0.25	4.16
Vale Rio Doce PP	1.13	−0.02	0.18	15.92

Turnover Cr144.1m. Volume 85.7m.
Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

September 27	Rand	+ or —
Anglo American Corp.	6.30	
Charter Consolidated	3.97	+0.12
East Driefontein	14.0	−0.30
Elsburg	1.95	−0.10
Harmony	7.05	−0.05
Kinross	6.60	−0.10
Kloof	10.70	−0.30
Rustenburg Platinum	1.55	+0.02
St. Helena	14.60	−0.90
Southvaal	10.65	−0.15

[illegible]

INDUSTRIALS

[illegible]

Securities Rand $U.S.0.74½
(Discount of 35.22 %)

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ♦

[illegible]

PARIS

[illegible]

COPENHAGEN ♣

[illegible]

MILAN

[illegible]

VIENNA

[illegible]

STOCKHOLM

[illegible]

SPAIN ♥

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	Stock
BN	F.390	—	—	5	7	—	—	F.374
KZ	F.27.50	—	—	—	—	5	6.70	F.31.60
KZ	F.30	10	2	7	3.90	—	—	"
KZ	F32.50	—	—	7	2.70	11	3.80	"
KZ	F.35	—	—	10	1.30	20	2.40	"
RB	F85	—	—	—	—	1	3.70	F.79
K	$50	1	12¾	—	—	—	—	$62¾
K	$60	—	—	3	6¾	10	8½	"
O	F.32.50	40	4.80	—	—	—	—	F.36.50
O	F.37.50	8	2.40	25	5	15	6	"
O	F.40	—	—	21	3.60	25	3.90	"
IM	$260	—	—	4	29	—	—	$282
IM	$280	17	7½	—	—	—	—	"
IM	$300	4	1⅝	—	—	—	—	"
LM	F.133.30	—	—	2	34	—	—	F.162.50
LM	F.152.40	1	13	—	—	—	—	"
LM	F.170	—	—	12	10	4	14.80	"
LM	F.171.40	3	2.20	27	9.50	—	—	"
LM	F.181	10	0.60	2	6.50	—	—	"
LM	F.190.50	20	0.30	3	3.50	—	—	"
HI	F.25	10	2.50	5	4.50	—	—	F.27.60
HI	F.27.50	76	0.90	86	2.10	35	3.70	"
HI	F.30	—	—	42	1.30	7	2.20	"
D	F.130	38	4.90	10	7	—	—	F.133.60
D	F.140	—	—	18	3.20	22	6.20	"
NI	F.120	5	5	—	—	—	—	F.125.60
NI	F.130	—	—	14	2.70	6	4.40	"
RX	$50	—	—	—	—	2	9⅛	$55⅛
		Nov.		Feb.		May		
A	F.60	—	—	—	—	10	13	$64¾
A	F.70	10	3⅝	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 729

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corp.	11½%
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand and deposits 7¼%.

The prospects for next year's local authority spending, and rates

BY MICHAEL COWAN

WITH the annual round of negotiations for November's rate support grant settlement reaching its final phase, the indications are that the Government will use some of its contingency reserve to add about an extra £200m to local government spending in 1979/1980.

Rate support grant, which this year meets 61 per cent of the net cost of council services, is likely to be adjusted—to limit national average rate rises—to about 7 per cent for householders and 5.5 per cent for industry and commerce.

Due to the small but continuing shift of grant from the shire counties to the conurbations, there are likely to be substantial local variations in average rate increases. According to January's Public Expenditure White Paper current spending by councils in England and Wales next year is due to rise by 1 per cent above this year, and capital expenditure is planned to increase by 2.6 per cent. However, figures calculated by the local authority financial advisers show that the Government's existing proposals for council current spending fall short of the continuing cost of present policies by some £130m even if the Government agrees to an increase in the price of school meals next year of about 15p.

The main prospective overspending is on local environmental services such as recreation, baths and parks, environmental health, planning, and trading losses.

Education, social services, police, and local transport finance are also bidding for higher guidelines to meet the cost next year of their present policies.

On the basis of the present White Paper without amendment council current spending next year is likely to be £12,650m assuming inflation this year as in the cash limit, of 9 per cent, and next year of 8 per cent. In addition councils are likely to have to find a further £2,100m for loan charges, revenue contributions to capital, and ratefund contributions to housing revenue accounts. This would give an overall total of £14,750m.

At the July Consultative Council meeting with local authority leaders, Mr. Peter Shore, Secretary for the Environment, canvassed the hypothetical possibility that the Government might allow an extra £200m for council spending next year, a figure which could easily be accommodated within the balance of the Treasury's original £1,500m contingency reserve after allowing £300m for increased child benefits next April.

Two hundred million pounds would make good the shortfall against present policies and, depending on the school meal price decision, allow something, for example, for the introduction next September of Mrs. Shirley Williams' educational grants for pupils over the school-leaving age. Next year this plan could cost about £55m, and £80m in a full year. In order to off-set in cash terms an increase in volume terms of £200m, Mr. Shore could allow in the settlement for a lower rate of inflation than the 8 per cent suggested. If he allows for only 7 per cent inflation, then even with the extra money he could nominally keep council revenue spending to near enough £14,750m.

On this basis a continuation of the present 61 per cent rate support grant would lead to average increases in general rate poundages on industry and commerce of 8 per cent next year, and of about 10 per cent on householders.

The actual increase in different localities will vary as a result of changes in the distribution of government grant, the level of prospective council spending in the area, forecasts by councils of future inflation—which may not be the same as the Government's—and variations in balances.

At the end of March, councils were holding balances of about £1,300m—equivalent to a rate of nearly 20p in the £, or about 9 per cent of expenditure. In their 1978-79 budgets councils planned to withdraw £330m from balances in aid of the rates. This was offset by provision for inflation of about £180m in excess of the cash limit which is now thought likely to be unspent. Allowing something for a reduction in originally budgeted expenditure and excess provision for inflation, it now seems likely that balances will be reduced during the year to £1,000m representing just under 7 per cent of expenditure next year. The chances, therefore, are that there will be further net withdrawals from balances next year, though not large enough to affect the rate support grant settlement.

On these assumptions it would seem that keeping rate support grant at 61 per cent would lead to average rate increases inconsistent with the Government's counter-inflationary pay and prices policies.

If the rate of grant is raised to 62 per cent, average rate increases would be brought down to 7 per cent for domestic and 5.5 per cent for non-domestic ratepayers. These figures are more in line with Government economic policies.

Since the new grant arrangements were introduced in 1973 by Mr Geoffrey Rippon it has been government policy to give an increasing share of rate support grant to urban and inner city authorities. It is clear from the present state of the negotiations that this process is likely to be continued next year. Mr. Shore can again be expected to fix London's share of the main grant with a view to securing that the average increase in domestic rate bills will be the same in cash terms in London as in the rest of the country. Because council spending, for whatever reason, is very much higher in London, and a smaller proportion of it is funded by government grant, this device has the effect of significantly increasing London's share of the grant at the expense of the rest of the country, and that means that in percentage terms both domestic and non-domestic rate increases are lower.

In 1978-79 the effect of changes in grant distribution and of other factors was to give average domestic rate bill increases of £6.28 in London, £7.95 in Wales, £9.36 in metropolitan districts, and £13.08 in the shire districts in England. For the shire counties there will be further complexities next year when Mr. Shore is expected to exercise his powers—as he has all but said he will—to give non-metropolitan districts a share for the first time in the major "needs" element of rate support grant, which at present only goes to their county councils. Although heavily damped to ease its introduction, the new district distribution will be biased towards the higher-spending urban districts within each county, with the result that, all things being otherwise equal, the net effect will be higher rate bills in rural districts.

According to some of the published estimates, ratepayers in 60 per cent of shire districts will be disadvantaged. Nevertheless, the proposal has a lot to commend it on grounds of equity. Urban councils in places such as Hull, Leicester and Nottingham have to incur higher costs to cope with urban deprivation, and yet they get no compensation from government grant and therefore have to levy higher rates. In these areas both industrial and commercial as well as domestic ratepayers will benefit from the change.

Six different methods have been canvassed for distributing a share of the needs element to shire districts within each county, with widely differing effects. The method favoured by the Association of District Councils, 75 per cent of the grant to be allocated in proportion to population and the rest in relation to past expenditure, would produce net "losses" for ratepayers, assuming there were no compensating expenditure changes, of up to the equivalent of a 2.8p rate and "gains" of up to 4.8p.

The author is a past chairman of Nottinghamshire County Council Finance Committee (1973-77) and a past member of the Consultative Council on local government finance (1975-77).

COMPANY NOTICES

ALLIED IRISH BANKS LIMITED

U.S. $30,000,000

Floating rate subordinated notes due 1984

In accordance with the terms and conditions of the floating rate subordinated notes due 1984, dated 24th March 1977, the rate of interest for the interest period from 28th September 1978 to 28th March 1979 has been fixed at 10% per annum.

Agent Bank:
MANUFACTURERS HANOVER LIMITED

CANON INC.

Advice has been received from Tokyo that the Board of Directors has declared a payment of DIVIDEND of Yen 3.75 per share for the six months period ended 30th June, 1978.

Holders of EUROPEAN DEPOSITARY RECEIPTS TO BEARER (SHARE EDR's) wishing to claim this dividend in respect of the shares represented by their share EDR's should present Coupon No. 31 at the office of HILL SAMUEL & CO LIMITED 45 BEECH STREET, LONDON EC2P 2LX where listing forms are available, or BANQUE INTERNATIONALE A LUXEMBOURG, 2 BOULEVARD ROYAL, LUXEMBOURG.

Payment will be made in Sterling at the rate of exchange ruling on the day of presentation, except in the case of non-residents of the Scheduled Territories who, to obtain payment in Yen must follow the procedure laid down in the listing form.

Holders of BEARER DEPOSITARY RECEIPTS (SHARE BDR's) wishing to claim this dividend in respect of the shares represented by their share BDR's should present Coupon No. 8 at the office of HILL SAMUEL & CO LIMITED, 45 BEECH STREET, LONDON EC2P 2LX where listing forms are available or:—

ALGEMENE BANK NEDERLAND N.V., 32 VIJZELSTRAAT, AMSTERDAM

FIRST NATIONAL CITY BANK, 111 WALL STREET, NEW YORK, N.Y. 10015

SOCIETE GENERALE, 29, BOULEVARD HAUSSMANN, 75 PARIS 9

THE FUJI BANK LIMITED, IMMERMANNSTRASSE 3, 4 DUSSELDORF

KREDIETBANK S.A. LUXEMBOURGEOISE, 43, BOULEVARD ROYAL, LUXEMBOURG

Payment will be made in U.S. Dollars at the rate of exchange ruling on the day of presentation.

Coupons must be presented by an Authorised Depositary and must be left four clear days for examination.

Japanese Withholding Tax at the rate of 20% will be deducted from the proceeds of the dividend, except in the case of holders resident in the following countries:—

ARAB REPUBLIC OF EGYPT	THE NETHERLANDS
AUSTRALIA	NEW ZEALAND
BELGIUM	NORWAY
CANADA	SINGAPORE
DENMARK	SPAIN
FINLAND	SWEDEN
FRANCE	SWITZERLAND
IRELAND	UNITED KINGDOM
ITALY	UNITED STATES OF AMERICA
KOREA	WEST GERMANY
MALAYSIA	

To obtain payment under deduction of Withholding Tax at the reduced rate of 15%, residents of the above countries must furnish a declaration of residence as required by the Japanese Ministry of Finance. The declaration must be given by an Authorised Depositary and in respect of holders resident in the United Kingdom is incorporated in the listing form.

For residents of all other countries a separate declaration must be furnished giving the name and address of the beneficial owner, the number and definitive numbers of EDR's/BDR's held and attesting that they are entitled to the 5% Tax Relief pursuant to the Tax Convention between Japan and the country concerned.

Share EDR/BDR holders resident in the Republic of Korea will receive payment under deduction of Withholding Tax at the reduced rate of 12% and residents of Zambia without any deduction subject to the provision of a declaration as set out above.

Attention is drawn to the fact that the above mentioned concessions relating to Japanese Withholding Tax apply only to coupons presented for payment within 6 months of the record date. Thereafter tax will be deducted at the full rate of 20%, and it will be the responsibility of the owner to claim from the Japanese Tax Authorities any refund due.

United Kingdom Income Tax at the appropriate rate will be deducted from the proceeds unless the Coupons are accompanied by a United Kingdom Affidavit of Non-residence.

Full information may be obtained from HILL SAMUEL & CO LIMITED, 45 Beech Street, LONDON EC2P 2LX.

LEGAL NOTICES

No. 37 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Liverpool District Registry Group "A". In the Matter of PORCELAIN JACKETS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding Up of the above-named Company by the High Court of Justice was on the 21st day of August 1978, presented to the said Court by ANGLO LEASING LIMITED whose registered office is situate at 2 Cartwright Green, London EC2R 0DR, in the County of Greater London, and that the said Petition is directed to be heard before the Court sitting at the Courts of Justice, St. George's Hall, William Brown Street, Liverpool 3, in the Metropolitan County of Merseyside, on the 9th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BERMANS
of Tridant House,
31-33 Dale Street,
Liverpool L2 2NS.
Solicitors for the Petitioning Creditor.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 6th day of October 1978.

ART GALLERIES

CHANDE GALLERY, 6, Cork St., W.1. 01-734 4526. Recent Paintings and Sculptures by W. F. ZAG. 26 Sept.-21 Oct. Mon.-Fri. 10-5.30. Sats. 10-1.

CRANE KALMAN GALLERIES, 178, Brompton Road, S.W.3. Outstanding British works of art. Barbara Hepworth, L. S. Lowry, Henry Moore, Ben Nicholson, Graham Sutherland, William Scott, Matthew Smith, etc. ALSO works by European and American artists. Mon.-Fri. 10-6. Sat. 10-4. 01-584 7566. CRANE ARTS, 321, Kings Road, S.W.3. 01-352 5857. Naive Art from 18th-20th cents. Also young artists of unusual vision and talent.

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صورة عن الأصل

FARMING AND RAW MATERIALS

Irish fleet stays away

BY STEWART DALBY AND CHRISTOPHER PARKES

SH FISHERMEN who had eatened to invade the British lor of the Irish Sea in ance of a unilateral ban on ring fishing in the area were ping well away yesterday, the istry of Agriculture said last ht.

he Irish fleet was warned that boats found fishing illegally British waters could face s of up to £50,000 and the of their tackle and catches.

he warning was issued as Mr. an Lenihan, the Irish heries Minister, continued to e Irish skippers to continue ing. Earlier this week he told ermen: "Ignore this rule. If h trawlers are arrested, the tish Government will have to l with the EEC Commission."

is understood that Mr. ihan has given assurances of port to fishing organisations. ever, he has yet to spell out what support will be forthing if British naval vessels mpt to interfere with Irish s.

he Irish Fishermen's Association is anxious to find out whether Mr. Lenihan means financial assistance.

The Ministry of Agriculture in London warned yesterday that the Isle of Man herring fishery in the Irish Sea was closed to all boats "and the Government has ensured that adequate enforcement arrangements have been made."

Two fishery protection vessels will patrol the zone as part of routine and the area is subect to regular scrutiny from the air.

Meanwhile, officials in Whitehall made it plain that Mr. John Silkin, the Minister responsible for fishery negotiations, had the full support of the Cabinet, notably that of Dr. David Owen, the Foreign Secretary.

Herring fishing is also banned inside British limits in the North Sea, the Celtic Sea, the Bristol Channel, the English Channel and off the West of Scotland, excluding the Clyde.

Officials in Dublin argued yesterday that if Ireland applied Mr. Silkin's own arguments to its fisheries it would be perfectly within its rights to apprehend any British trawlers found on the Irish side of the median line which divides the Irish Sea.

It apparently has no plans, however, to take such action in the immediate future.

Ireland simply has not enough fishery protection boats and planes to provide effective cover for the whole of its fisheries. To concentrate in one area could leave vast stretches of sea elsewhere open to the attentions of foreign boats.

The Irish Fishermen's Association has said that it does not expect a great number of inci dents, if any, in the Irish Sea in that most of their vessels have been fishing well within Ireland's side of the mdian line for some weeks because this is where the herring have been found. It point out, though, that there are always one or two boats which do not go with the pack.

In regard to herring fishing in the Celtic Sea it now seems possible that a compromise may be reached over the IFA's threat to fish a quota of 3,000 tonnes of herring in the area despite the Irish government's total ban on herring fishing there. A statement is expected from the fishermen shortly.

● In Brussels yesterday Spain and the Common Market signed a temporary fishing agreement and initialed a five-year accord, pending British approval.

The three-month agreement, expiring at the end of the year, allows 240 Spanish trawlers to catch a total of 9,000 tonnes of fish in Community waters, mainly off France and Ireland, AP-Dow Jones reported.

This doubles the present volume of catches allowed to Spain.

Britain's partners wanted to grant Spain a generous five-year fishing agreement, as a gesture before it joined the Community. But Britain reserved its final approval pending settlement of internal fisheries policy.

Apple crop in Europe up 20%

By Our Commodities Staff

E DESSERT apple crop in ope this season is about 20 cent higher than in 1977, Organisation for Economic operation and Development CD) says. Pear output will about the same as last year.

ields in 1977-78 were generwell below average, and the CD comments that a fairer parison might be made with 5-77. In that case, the crop year is about 4 per cent n.

uality is generally good ough there appears to be a er proportion than usual of ll fruit.

he OECD experts appear asy about the prospects for keting this year's crops ause of "a trend towards a lling-off in consumption."

he most striking increases in duction have appeared in mon Market countries.

rance, for example, expects 1 per cent rise to 1.75m es — about two-thirds of ch will be Golden Delicious. gium has forecast a 118 per t increase and West Germany per cent more than last year. the UK production is estied at 427,000 tonnes, which 3 per cent up on 1977. The d of Cox's Orange Pippins jumped 114 per cent to 000 tonnes and a 52 per cent ease in cooking apples outhas taken production to 000 tonnes,

EEC rethink on legal move

BY MARGARET VAN HATTEM

BRITAIN APPEARS to have outmanoeuvred the EEC Commission once again in the cat and mouse game over fisheries policy.

Following Britain's decision yesterday afternoon to close the Mourne fishing area off the east coast of Northern Ireland to even British skiffs, for whom there was previously an exemption, the Commission is having to reassess plans to take Britain to the European Court of Justice.

The Commission has been preparing its case against the UK and after its weekly meeting yesterday was all set to send the British Government a stiffly-worded message regarding some of its national conservation measures.

Had the response not been satisfactory, procedures for a court case were expected to start within a fortnight.

Since the breakdown earlier this year of negotiations for a common fisheries policy, Britain has introduced a series of national conservation measures, each straining the bonds of legality a little further.

(Under Comunity rules, national measures are legal in the absence of a Community regime, providing they are urgent, necessary, non-discriminatory, and providing the approval of the Commission is sought beforehand, though not necessarily given.)

Although the Commission considers several of the British measures to be excessive it has not been sufficiently confident to test them in court.

But it considered the latest British measure, the banning from September 19 of herring fishing in the Mourne area, except for British skiffs under 35 feet long, to be clearly illegal.

It felt that in allowing British boats a quota of herring denied to other nationalities, the British had acted where only the Council of Ministers had authority.

Thus it was preparing for a court case during which, it was felt, certain other British measures — not sufficiently clear breaches to warrant a court case on their own — could be tested on the side.

In announcing complete closure of the area yesterday, the UK Government said British boats had now filled their quotas, having caught 400 tonnes since September 19. This compares with a weekly average of 50 tonnes last season.

This means that the Commission's case may still stand; but the heat has gone out of the issue and there is some doubt whether it will be brought to court.

Lead prices at year's peak

BY JOHN EDWARDS, COMMODITIES EDITOR

THERE WAS a general rise in base metal prices on the London Metal Exchange yesterday, with lead advancing to new highs for the year.

Cash lead gained £4.75 to £369.25 a tonne, making a rise of over £30 in the past month. Fresh buying interest, stimulated by forecasts of a further outflow of lead stocks from the LME warehouses in the next few weeks, boosted prices.

Copper values were higher, reflecting a rise in the New York market as a result of a sharp fall in the U.S. trade deficit in August. Cash wirebars gained £5.75 to £741 a tonne.

Noranda, the big Canadian metals producer, announced a rise in its selling price for copper cathodes in the U.S. from 67 cents to 68 cents a lb and by 4 cents to 80 cents in Canada.

More importantly, Noranda also announced that it was raising its base price for zinc metal sold outside North America, from $625 to $675 a tonne. A similar zinc price increase was made by the French producer, Penarroya, and is in line with the rises announced earlier this week by Preussag and Boliden.

Selling wave hits cocoa

By Richard Mooney

A SUDDEN wave of speculative selling on the London cocoa futures market yesterday pushed prices sharply lower. By the close the December position was quoted at £1,956 a tonne, £32.5 lower on the day.

Dealers said there was no fresh fundamental news to explain the decline which they said mainly reflected "disappointed long liquidation." Cocoa values have ben maintained at a relatively high level since early this month with the December quotation rarely falling much below £2,000.

But repeated attempts to push the price to new high ground have all failed and the speculative element in the market seems now to have accepted that prices are more likely to fall than to rise in the short-term.

One of the main factors holding prices up recently has been the steady stream of gloomy projections for world crops, particularly in West Africa—the main growing region.

But a number of traders have observed that the threatened shortage is unlikely to work throught to the market before May and for the time being there appears to be plenty of cocoa about.

Confectionery manufacturers seem generally to have been in agreement with this view and have for the most part stood on th, sidelines waiting for prices to fall to "more attractive" levels.

EEC sugar tender

EXPORT REBATES were granted on 39,350 tonnes of EEC white sugar and 10,000 tonnes of raws at yesterday's weekly export tender in Brussels. Last week 43,700 tonnes of whites but no raws were authorised for export.

On the London terminal market yesterday sugar futures rices opened around £2 a tonne lower as the profit-taking, which had begun late on Tuesday, continued. But values rallied after lunch and were given a further boost by a comparatively steady opening tone in the New York market. By the close London futures prices were 50p to £1.10 down on the day.

In the morning the London daily raws price was fixed at £107 a tonne, the same as on Tuesday.

TROPICAL AGRICULTURE

Mauritius cow keepers give way to progress

BY A SPECIAL CORRESPONDENT

PORT LOUIS, Sept. 27.

LIKE MANY tropical nations Mauritius depends for its milk supplies on the ubiquitous powdered product—mostly from New Zealand—the inevitable can, or highly-expensive UHT whole milk from South Africa or France which costs up to Rs 5 a litre (40p).

Traditionally, in an island dominated by the Indian race, there is the village cow keeper. The cows, kept in dark stables, are tended by the women of the household. They are a familiar hazard on the narrow roads and may produce about 4 litres of milk a day for sale to the milk retailer. He peddles *"du lait au bicyclette"* from the cans hung at all angles from a dilapidated bike.

But the lure of a steady income from the cane fields and sugar factory is calling the women from the roadside, and now only 7,000 litres of milk a day is supplied through traditional channels.

There have been attempts to organise bulk collections of milk and help the cow keepers, but with little success. The United Nations Development Project here tried to make a start in 1965 but only now does there appear to be a breakthrough. The UN is backing the Government's two livestock-breeding stations by helping the setting up of large-scale feedlot milk production based on by-products from the country's staple product, sugar, and the researches in the Caribbean and South America of Dr. Reg Preston, formerly of the Rowett Research Institute, Aberdeen.

With 900,000 Mauritians clamouring for fresh milk, and an estimated 900,000 tourist nights to cater for, there is considerable scope for expansion.

Current home production is about 50,000 to 60,000 litres day from about 20,000 cows. They are kept on the two Government farms, the sugar estates which sell milk direct to their workers, and by the cow keepers, whose numbers have dropped from 32,000 in 1965 to about 19,000.

The aim of the UNDP project and the Government is to produce 3,000 litres a day of fresh milk from two units of 350 cows each by 1980 and establish a blueprint for intensive production in feed lots.

The sugar estates are anxious to diversify, and are quickly following the project's progress, finding that cattle fed their by-products of sugar cane tops and molasses with added urea can produce milk and beef economically.

Already plans are being made for two or three neighbouring sugar estates to co-operate in the production of 2,000 litres of pasteurised whole milk a day for sale through local Mauritian stores and supermarkets. The UN Food and Agriculture Organisation optimistically estimates that there could be 10 units each of 1,000 cows producing 18,000 litres a day by 1987.

With the producer receiving Rs 1.25 to 1.50 a litre the hope is to make Mauritian-produced milk available for retailing at Rs 2.00 to 2.50 a litre. Powdered milk sells at Rs 14 a kilo.

In 1976 milk imports in terms of liquid equivalent equalled almost 230,000 litres a day. In 1975 nearly 7,000 tonnes of carcase beef were imported to supplement home production of just over 1,000 tonnes.

The Government's blueprint feedlots are situated on the coastal regions of the country away from the high plateau where a biting fly prevents serious livestock production, although another section of the project is now claiming successful control of the fly.

Land is valuable and scarce in Mauritius so the cattle in feedlots are housed on concrete slatted floors and consume either sugar cane tops from the harvest or whole chopped cane grown in upland marginal areas where it will not mature sufficiently for sugar crushing.

The ration is supplemented with the by-product molasses, boosted with urea added at a rate of 2.5 to 3 per cent, and locally-made cow cake. Work is also under way to examine a complete diet made up entirely of by-products including manure from the poultry industry, sugar-cane waste — bagasse — and molasses.

When the UNDP-FAO project comes to an end in three years the Government will have two modern feedlots producing milk and beef, managed and staffed entirely by Mauritians. It will have a fully-equipped ruminant research laboratory which is currently examining new feeds such as the local acacia or leucaena and sweet potato.

Meanwhile, the private sector, stimulated by the Government's new-found will to develop a Mauritian milk and beef industry, has put up its own proposals. From feedlot and pasture the private investors aim to produce 50 per cent of the country's beef and 20 per cent of its milk in six years.

U.S. may offer more grain to USSR

WASHINGTON, Sept. 27.

THE U.S. Agriculture Department is likely to offer the USSR 12m to 15m tonnes of grain for the 12 months ending September 30, 1979.

No final decision has been reached on how much to offer the Soviets for the third year of the U.S.-USSR grain agreement. Some grain officials want to leave the amount at 8m tonnes while others are in favour of granting 20m tonnes. A compromise figure of 12m-15m tonnes seems the most likely outcome.

The U.S. and USSR are scheduled to meet here on October 11 as part of the bi-annual consultations called for in the grain agreement.

The agreement specifies that the USSR must buy a minimum of 6m tonnes and up to 8m tonnes of grain. Any purchases beyond that require consultations between the two nations.

The USDA officials said most views within the department were to offer the Soviets 15m tonnes, as granted in the first two years of the agreement.

The USDA was criticised last year for offering the USSR 15m tonnes without getting any major crop information or concessions in return.

The officials said the USDA would be unlikely to seek any concessions in exchange for raising the limit, noting the USSR could be a heavy buyer of U.S. maize in the third agreement year due to the low prices, expanding livestock production and to build stocks in anticipation of possible problems with next year's crop.

The officials said more interest has surfaced from other agencies —including the National Security Council as well as state and treasury departments — in the grain talks.

● China's Szechwan province — one of the country's most fertile and its most populous — had a record harvest of wheat and other summer crops and officials there are optimistic about the autumn grain harvest now being completed, the New China News agency said today.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher on the London Metal Exchange although trading remained ned. During the morning forward l edged up to £756 owing to modest ting. However, in the afternoon the rose sharply to touch £760 following the trend on Comex which lifted strongly owing to the sharp narrowing in the U.S. trade deficit for August. Commission House buying touched off some stop-loss buying although at the £760 level persistent trade selling and profit-taking which caused forward metal to ease fractionally to close at £759.5 on the late kerb. Turnover 24,650 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £738, three months £734, 55, 55.5, 56, 55, 54.5. Cathodes, cash £724.5, three months £743.5. Kerb: Wirebars, three months £754.5, 55, 55.5. Afternoon: Wirebars, three months 761, 60.5, 60, 60.5, 59, 58.5, 59, 59.5. Cathodes, three months £748. Kerb: Wirebars, three months £759, 59.5, 60, 60.5, 60, 59.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	735.5-6	—1	740.5-1.5	+5.75
3 months	754.5-5	...	759-60	+5.75
Settlem't	736	—1	—	......
Cathodes				
Cash	724.5-5	+.75	729-30	+5.75
3 months	743.5-4	+.5	748-.5	+5.75
Settlem't	725	+.5	—	......
U.S. Smt.	625	......	65-66	......

TIN—Rallied. Despite the fall in the Penang market forward metal opened firmer and moved ahead on the pre-market, reflecting European physical demand and overnight U.S. physical interest which saw the price rise from £6,780 to £6,830. However, at this level profit-taking and hedge selling pared values with forward material easing back to £6,740 on the morning kerb. Renewed physical interest in the afternoon prompted a fresh rise to £6,830 but this was pared to £6,815 on the late kerb. Turnover 1,095 tonnes.

Morning: Standard, three months £6,810, 15, 10, £6,790, 80, 70, 75. Kerb: Standard, three months £6,770, 60. Afternoon: Standard, three months £6,755, 90, 6,800, 10, 6,800, 25, 30. Kerb: Standard, three months £6,830, 25.

LEAD—Firmer. After opening around its overnight level forward metal pushed ahead to £374.5 following fresh buying, particularly from one quarter, which was only partly met by profit-taking. In the afternoon interest waned with forward metal easing back to close at £373 on the late kerb. Turnover 3,438 tonnes.

Morning: Cash £367, 69, 69.5, three months £372, 72.5, 73, 74, 74.5. Kerb: Three months £374.5. Afternoon: Cash £370, three months £373.5, 73.75, 73.5, 73, 74.5, 74.75. Kerb: Three months 374.75, 75, 74.5, 74, 74.25, 74, 73.5, 73.25.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	369.5	—6.5	369.5	+4.75
3 months	374.5	—5.57	374.5-.75	—4.57
Settlem't	369.5	—6.5	—	
U.S. Spot	352.5		351.85	

ZINC—Modestly firmer. Forward metal traded in a £2 range throughout the day, opening at £342 and edging up to close at £344 on the late kerb. The market was sustained by both Penarroya and Noranda raising their producer price to $675 in line with Preussag and Boliden. Turnover 6,400 tonnes.

Morning: Cash £352.5, 52.75, three months £343, 43.25. Kerb: Three months £343.5. Afternoon: three months £344, 44.5, 44.5, 44, 43.5, 43.75, 44. Kerb: Three months £344, 43, 43.5.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	352.75-3.25	+1.25	353.75-4.25	—1.25
3 months	343.5	+1.5	343.75-4.25	—1.25
S'ment	353.25	+1.25	—	......
Prim. west	—	......	29.51	......

* Cents per pound. † $M per picul. ‡ On previous unofficial close.

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COMPANY NOTICES

SILVER

Silver was fixed 2.5p an ounce lower for spot delivery in the London bullion market yesterday at 286.35p. U.S. cent equivalents of the fixing levels were: Spot 565.9c, down 7.2c; three-month 575.1c, down 7.9c; six-month 586.1c, down 7.6c; and 12-month 609.4c, down 7.4c. The metal opened at 287-288p (566-567½c) and closed at 286.3-287.5p (564½-566c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	286.35p	—2.5	286.45p	—1.65
3 months	293.7p	—2.35	293.7p	—1.75
6 months	301.7p	—2.15	—	......
12 months	317.65p	—1.85	—	......

LME—Turnover 129 (142) lots of 10,000 ozs. Morning: Three months 294.2, 4.1, 94, 4.1, 4.2. Kerbs: Three months 294.2. Afternoon: Cash 286.3, three months 294, 93.8, 3.9, 3.6, 3.8. Kerbs: Three months 293.8, 3.7, 3.6, 3.8.

COCOA

The market opened steadily in the morning before it eased gradually throughout the afternoon, Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
No. 6 Con'tr'ct			
Sept.	1829.0-32.0	—30.00	1855.0-32.0
Dec.	1956.0-57.0	—32.5	1987.0-40.0
March	1980.0-82.0	—26.00	2008.0-1.68
May	1995.0-97.0	—14.0	2016.0-1.85
July	1972.0-75.0	—19.0	1988.0-79.0
Sept.	1945.0-8.0	—18.0	1960.0-45.0
Dec.	1900.0-16.0	—12.0	1925.0-00.0

Sales: 7,073 (3,269) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price Sept. 26: 157.99 (174.50). Indicator prices Sept. 27: 15-day average 171.77 (171.52); 22-day average 167.41 (165.37).

COFFEE

ROBUSTAS opened steadily and settled in a quiet early session with little interest, Drexel Burnham Lambert reported. After initial steadiness in the afternoon profit-taking and small-scale trade selling eased prices generally to close near the lows, £16.5 to £40 down on balance. Dealers said that the trade were waiting for some incentive from either the physical market or the ICO meeting currently in progress.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
September	1581-87	—40.0	1622-87
November	1526-28	—16.5	1545-22
January	1422-24	—16.5	1445-21
March	1333-35	—20.0	1360-27
May	1283-85	—18.5	1312-90
July	1250-55	—25.0	1277-54
September	1225-31	—24.5	1257-35

Sales: 1,913 (3,240) lots of 5 tonnes.

ICO indicator prices for Sept. 26 (U.S. cents per pound): Colombian Mild Arabicas 180.00 (same); unwashed Arabicas 153.00 (same); other mild Arabicas 155.00 (156.33); Robustas ICA 1976 149.00 (148.25); Robustas ICA 1968 148.50 (148.00). Daily average 151.75 (152.29).

ARABICAS—Close: Oct. 130.00 buyer, 87.00 seller, others unquoted. Sales: nil.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 379 tonnes, bringing the total for the week so far to 603 tonnes. Renewed pressure for supplies brought an increased turnover. Interest generally centred on East African and Middle Eastern qualities.

GRAINS

The market opened unchanged. Lack of sellers increased wheat values to trade 70 to 85p higher. Good commercial buying support was seen at these levels and the market closed steady in reasonable trading conditions. Barley saw very little trade and was generally neglected all day to close about steady 15 to 25p up, Acli reported.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Nov.	88.00	+0.8	79.80	—0.15
Jan.	90.65	+0.8	82.60	—0.15
Mar.	93.05	+0.75	85.10	—0.15
May	95.60	+0.70	87.45	—0.15

Business done—Wheat—Nov. 88.00-87.40, Jan. 90.70-89.90, March 93.05-92.40, May 95.70-95.20. Total: 101 lots. Barley—Nov. 79.80-79.65, Jan. 82.65-82.55, March 85.00-84.50, May 87.45-87.35. Total sales: 49 lots.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, Sept. £92.50, Tilbury. U.K. Dark Northern Spring No. 2, 14 per cent, Sept. and Oct. £83.00, Nov. £84.00, Dec. £85.75, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Oct. £83.25, Nov. £84.25, transhipment East Coast. EEC Milling all unquoted.

Maize: U.S./French Sept. and Oct. 101.50, Nov. £101, Dec. £98, transhipment East Coast. S. African White Sept.-Oct. 61.50 Glasgow. S. African Yellow Sept.-Oct. 61.50, Glasgow.

Barley: English Feed fob, Oct. £9, East Coast. Jan. £5, Jan.-March £5 paid.

Sorghum: U.S. Argentine unquoted.

HGCA—Location ex-farm spot prices. Other milling wheat: Essex £86.70. Feed wheat: Shropshire £80.70. Feed barley: Shropshire £74.00, Essex £74.00.

The UK monetary coefficient for the week beginning Oct. 2 will remain unchanged.

EEC DAILY IMPORT LEVIES—Effective for Sept. 27 in order current levy plus Oct. Nov. and Dec. premiums, with previous in brackets. All in units of account per tonne. Common Wheat—82.27, rest nil (81.76, rest nil). Durum Wheat—126.15, rest nil (123.94, rest nil). Rye—87.13, rest nil (85.88, rest nil). Barley—86.77, rest nil (85.66, rest nil). Oats—73.30, rest nil (72.35, rest nil). Maize (other than hybrid for seeding)—80.93, rest nil (80.43, rest nil). Buckwheat—All nil. Millet—83.75, rest nil (83.75, rest nil). Grain Sorghum—79.73, rest nil (79.73, rest nil). Flour levies: Wheat or Mixed Wheat and Rye Flour—128.89 (127.16). Rye Flour—132.88 (131.37).

RUBBER

QUIET opening on the London physical market. Fluctuated within narrow limits throughout the day, closing nominal. Lewis and Peat reported a Malaysian godown price of 238½ (256½) cents (buyer, Oct.).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Oct.	61.50-62.00	62.20-62.50	62.20
Nov.	62.40-62.80	63.00-63.20	62.90
Oct.-Dec.	64.05-64.15	64.60-64.65	64.65-64.20
Jan.-Mar.	66.55-66.60	67.00-67.05	67.15-66.65
Apr.-Jne.	68.60-68.65	69.05-69.10	69.10-68.60
Jly.-Sept.	70.65-70.85	71.10-71.15	71.10-71.60
Oct.-Dec.	72.60-72.70	73.10-73.15	73.10
Jan.-Mar.	74.65-74.75	75.05-75.10	75.10-74.90
Apr.-Jne.	76.65-76.60	77.10-77.15	76.85-76.55

Sales: 329 (474) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 60.75p (61.0); Nov. 61.5p (62.5); Dec. 62.5p (63.00).

SOYABEAN MEAL

In quiet trading prices gained 60p before Chicago opened. Despite gains of 6-8 cents in Chicago beans London meal closed at 114.5 basis December. No physical trades reported, according to SNW Commodities.

	Yesterday Close £ per tonne	+ or —	Business Done
October	115.50-14.0	+1.0	115.60-15.50
December	114.40-14.5	+0.35	114.60-14.50
February	116.10-16.5	+0.60	116.50-16.20
April	117.50-17.7	+0.40	17.50
June	118.51-18.8	+0.50	—
August	117.50-21.8	+1.50	—
October	118.81-22.5	+1.50	—

Sales: 49 (49) lots of 5 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £107.00 (same) a tonne cif for Sept.-Oct. shipment. White sugar daily price was fixed at £109.00 (£110.00).

The market opened slightly below kerb levels but then prices were contained within a narrow range in active trading conditions. Final quotations were the high points of the day, C. Czarnikow reported.

Sales: 3,150 (3,152) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.35 (same) a tonne for home trade and £182.00 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Sept. 26: Daily 8.53 (8.39); 15-day average 8.44 (8.40).

WOOL FUTURES

(Pence per kilo)

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 53.0 to 57.0; Ulster hindquarters 62.0 to 65.0, forequarters 35.0 to 37.0; Eire hindquarters 63.0 to 66.0, forequarters 35.0 to 37.0.

Veal: English fats 62.0 to 70.0; Dutch hinds and ends 86.0 to 88.0.

Lamb: English small 56.0 to 60.0, medium 53.0 to 58.0, heavy 50.0 to 56.0. Scottish medium 52.0 to 58.0, heavy 50.0 to 56.0. Imported frozen: NZ PM 56.0 to 57.0, YLs 53.5 to 55.0.

Pork: English, under 100 lb 37.0 to 46.0, 100-120 lb 38.0 to 44.0, 120-160 lb 37.0 to 43.0.

Grouse: Young, best (each) 180.0 to 220.0.

Partridges: Young (each) 200.0 to 240.0.

MEAT COMMISSION—Average fatstock prices at representative markets on Sept. 27. GB cattle 66.31p per kg. l.w. (−0.75), UK sheep 131.1p per kg. est. d.c.w. (−6.3), GB pigs 64.3p per kg. l.w. (−1.4).

England and Wales: Cattle numbers down 14.4 per cent, average price 66.11p (−1.05); Sheep numbers down 17.3 per cent, average price 131.4p (−6.4); Pig numbers up 15.7 per cent, average price 64.3p (−1.4).

Scotland: Cattle numbers up 15.7 per cent, average price 67.94p (+0.22); Sheep numbers up 36.9 per cent, average price 127.6p (−2.5); Pig numbers up 36.4 per cent, average price 63.1p (−3.1).

COVENT GARDEN—(Prices in sterling per package except where stated). Imported produce: Lemons—Italian: 100/120s new crop 5.50-6.00; Spania: Trays 1.90-2.40, S. African: 7.50-8.00; Cyprus: Trays 3.00-3.30, Boxes 7.00; Turkish: 6.00. Oranges—S. African: Valencia Late 4.20-5.90; Brazilian: Valencia Late 3.50-3.80; Argentine: 5.00-5.40. Grapefruit—Dominican: 5.20-5.40; S. African: 48s 4.50; Jamaican 5.00-5.40. Apples—French: New crop Golden Delicious 20lb 72 1.90-2.10, 84 1.75-1.80, 40lb 3.50-3.80, Stark Crimson 20lb 84 2.40-2.60, 72 2.60, Granny Smith 2.50-2.80. Pears—French: William 4.50; Per pound Italian: Williams 0.20-0.22. Peaches—Italian: 1½ trays 3.20-3.40; French: Small trays 1.50-1.60. Plums—Romanian: Anna Spath per tray 2.00-2.20; Italian: Per pound Stanley 0.17, G. Prunes 0.15. Grapes—Italian: Regina 1.80-2.00, Black Regina 2.60, Italia 2.60-2.70; French: Alphonse per pound 0.20. Bananas—Jamaican: per pound 0.14. Avocados—Kenya: Fuerte 14/24s 4.00-4.50; S. African: Fuerte 4.00-4.50. Capsicums—Dutch: Per 5 kilos 3.30. Onions—Spanish: 2.80-3.00; Dutch: 1.80-2.20. Picklers 10 kilos 1.20. Melons—Spanish: Yellow 6/14 2.50-3.20, Green 3.00-3.20. Tomatoes—Dutch: 2.20-2.40; Jersey: 2.20; Spanish: 2.10-2.20.

English produce: Potatoes—Per 25 kilos 1.00-1.20. Lettuces—Per 12 round 1.00. ... Bramley ... Cox's Orange Pippin 0.06-0.12, Tydeman's 0.04, Worcester Pearmain 0.04-0.05, Russets 0.05-0.08. Pears—Per pound Williams 0.10, Conference 0.10-0.12. Plums—Per pound Bush 0.09, Marjorie's Seedling 0.14, Laxton 0.10. Damsons—Per pound 0.15. Tomatoes—Per 12lb English 1.80-2.00. Cabbages—Per crate 0.80-0.90. Celery—Per head 0.08. Cauliflowers—Per 12 Lincoln 1.00-1.20. Runner Beans—Per pound Stick 0.11-0.12. Beetroot—Per 28lb 0.60. Carrots—Per 28lb 0.50-0.70. Capsicums—Per pound 0.30. Courgettes—Per pound 0.10. Onions—Per bag 1.50. Picklers 2.40. Swedes—Per 28lb 0.60. Turnips—Per 28lb 1.00. Parsnips—Per 28lb 1.00-1.20. Sprouts—Per pound 0.06-0.08. Cobnuts—Per pound Kent 0.30. Corn Cobs—Each 0.05.

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£6.80, codlings £3.20-£4.50. Medium haddock £4.50-£5.20, small haddock £3.40-£3.60, large plaice £5.00-£5.80, medium plaice £5.00-£6.00, best small plaice £4.60-£5.50. Large skinned dogfish £9.00, medium £7.00. Large lemon soles £8.30, medium £7.40. Rockfish £2.80-£3.30. Saithe £1.60-£2.30.

★

HIDES—London. Very poor demand. Second clear, Ox 31-35½ kilos withdrawn 58p, 26-30½ kilos 62p, 22-25½ kilos withdrawn 70.2p. Light cows withdrawn 67p. No calf traded.

DUTCH COFFEE ROASTINGS UP

THE HAGUE, Sept. 27.

Dutch coffee bean roastings rose sharply to 6,954 tonnes in the four weeks to August 11, from 3,389 in the comparable 1977 period, but compared with 6,862 tonnes in the previous period, the central statistics office said.

Roastings in the year to August 11 totalled 60,121 tonnes compared with 54,590 in the same 1977 period.

Last year the office said the low level of roastings was due to the high level of stocks with retailers and consumers.

Reuter

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Sept. 27 1978	+ or —	Month ago
Metals			
Aluminium	£710	....	£680
Free market (c/s)	$1,070/90	....	$1075-95
Copper cash W. Bar	£741	+5.75	£731.5
3 months do. do.	£759.5	+6.75	£746.25
Cash Cathode	£729.5	+5.75	£721
3 months do. do.	£748.25	+5.75	£738.25
Gold Troy oz.	$215.375	—2.0	$206.575
Lead cash	£369.25	+4.75	£342.75
3 months	£374.625	+4.375	£347.25
Nickel	‡	....	‡
Free Market (cif)(lb)	$1.75 / 1.88	....	$1.80 / 1.93
Platinum troy oz.	£130	....	£130
Free Market	£142.6	—0.45	£156.1
Quicksilver (76lb.)	$122.27	....	$125/30
Silver troy oz.	286.35p	—2.3	284.45p
3 months	293.7p	—2.35	291.3p
Tin Cash	£6,970	+100	£6,760
3 months	£6,832.5	+95.0	£6,697
Tungsten (e)	$141.06	....	$134.24
Wolfram 22.04 lbs	$141.46	....	$140.44
Zinc cash	£354	+1.25	£319
3 months	£344	+1.25	£326.75
Producers	$625	....	$625
Oils			
Coconut (Phil)	$760z	....	$740
Groundnut	‡	....	£678
Linseed Crude (v)	£322	....	£331
Palm Malayan	$610z	+20.0	$589
Seeds			
Copra Phillip	$525y	+15.0	$480
Soyabean (U.S.)	$267w	....	$258
Grains			
Barley			
Home Futures	£82.6	+1.95	£80.35
Maize			
French No. 3 Am	£101.5s	....	£100.5
Wheat			
No. 1 Red Spring	£92	—0.25	£90
No. 2 Hard Winter	£83.25r	—0.25	‡
English Milling†	£90.75r	....	£89.5
Cocoa shipment	£2,005	—18.0	£1,884
Future Dec.	£1,956	—32.5	£1845.75
Coffee Future			
Nov.	£1,526.5	—16.5	£1,468.5
Cotton 'A' Index	74.65c	....	74.5c
Rubber kilo	60.75p	—0.25	58p
Sugar (Raw)	£107	....	£94
Wooltops 64s kilo	275p	....	278p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. s Sept.-Oct. t Nov.-Dec. u Nov. ... z Indicator price.

INDICES

FINANCIAL TIMES

Sept. 26	Sept. 25	Month ago	Year ago
253.51	253.86	246.85	240.05

(Base: July 1, 1952=100)

REUTERS

Sept. 27	Sept. 26	Month ago	Year ago
1487.6	1487.0	1458.0	1499.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Sept. 26	Sept. 25	Month ago	Year ago
Spot	377.15	379.39	370.97	367.54
Futures	377.51	379.68	365.89	325.34

(Average 1924-25-26=100)

MOODY'S

Moody's	Sept. 26	Sept. 25	Month ago	Year ago
Spie Commdty	955.3	949.9	937.9	828.5

(December 31, 1931=100)

U.S. Markets

Metals fall on deficit concern

NEW YORK, Sept. 26.

PRECIOUS metals closed lower on heavy speculative liquidation on expectations of a sharp balance of payments deficit next year. Copper eased on light trade arbitrage selling while cocoa and sugar declined on speculative profit-taking in sympathy with a stronger dollar, Bache reports.

Cocoa—Dec. 171.00 (173.50), March 169.50 (171.45), May 168.10, July 166.00, Sept. 163.60, Dec. 159.80. Sales: 606.

Coffee—"C" Contract: Dec. 150.75-151.00 (152.83), March 140.25-140.50 (141.87), May 133.00, July 128.00-129.50, Sept. 126.00-126.50, Dec. 121.00-124.00. Sales: 735.

Copper—Sept. 65.40 (65.30), Oct. 65.90 (65.35), Nov. 65.55, Dec. 66.45, Jan. 66.95, March 67.95, May 68.90, July 69.80, Sept. 70.65, Dec. 71.80, Jan. 72.20, March 72.95, May 73.70, July 74.45. Sales: 4,500 lots.

This edition went to press before the latest U.S. market reports were received.

Cotton—No. 2: Oct. 62.51-62.70 (62.82), Dec. 64.75-64.80 (64.97), March 67.01, May 68.00, July 68.26-68.30, Oct. 65.35-65.50, Dec. 65.47, March 66.15-66.25. Sales: 3,850 bales.

*Gold—Sept. 216.50 (218.10), Oct. 216.90 (218.30), Nov. 218.00, Dec. 219.70, Feb. 223.20, April 226.80, June 230.40, Aug. 234.00, Oct. 237.70, Dec. 241.40, Feb. 245.20, April 249.00, June 252.80. Sales: 24,000 lots.

†Lard—Chicago loose 24.75 (25.00). NY prime steam 26.25 traded (26.50 traded).

‡Maize—Dec. 221-220½ (220½), March 230½-230¼ (230), May 236½-236¾, July 239½, Sept. 241½-241, Dec. 245.

§Platinum—Oct. 282.00-282.40 (282.90), Jan. 284.50-285.50 (285.90), April 288.00, July 291.50, Oct. 294.00, Jan. 297.60-297.90, April 300.70-300.90. Sales: 1,952 lots.

§Silver—Sept. 562.50 (566.00), Oct. 562.50 (566.00), Nov. 566.50, Dec. 570.50, Jan. 574.50, March 583.00, May 591.80, July 600.60, Sept. 609.90, Dec. 624.10, Jan. 628.90, March 639.50, May 648.20, July 658.00. Sales: 13,000 lots. Handy and Harman spot bullion: 565.50 (570.00).

Soyabeans—Nov. 645½-644½ (641½), Jan. 653½-653 (648½), March 660-662, May 666-666½, July 667-667½, Aug. 661-661½.

‖Soyabean Meal—Oct. 168.60-169.50 (166.90), Dec. 171.80-172.00 (172.10), Jan. 173.20-173.40, March 175.00-175.10, May 176.10-176...

WINNIPEG, Sept. 26. ... Rye—Oct. 93.40 (93.50 bid), Nov. ... Dec. 93.60 ...

††Oats—Oct. 73.30 asked (73.50), Dec. ... May 73.30 ...

‡‡Barley—Oct. ... 71.50 bid ... May 74.00 ...

§§Flaxseed—Oct. ... 251.20 (250...) ... May 254.30 ...

¶¶Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 174.34 (same).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-ounce units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 48-lb bushel. ‡‡ Cents per 45-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ SC...

THE JOBS COLUMN

Eastern promise, for ace professionals only

BY MICHAEL DIXON

PETER BARRETT was flabbergasted when interviewing in London lately to fill the financial controller's job in one of his group's 200 subsidiaries. Looking through the window, he saw the expected candidate draw up in a chauffeur-driven Rolls Royce.

Asked *to expand on the* sparse, though impressive details given in his job application, the opulent interviewee revealed that he was the financial director of one of the major companies in Britain. He was *enviably secure in this job,* where his salary was about twice the sum Mr. Barrett was offering.

But the candidate was keen, *even anxious, to be given the* subsidiary financial controller's post.

The reason was that it was based in Hong Kong where Peter Barrett is personnel—or, as his official title has it—corporate relations director of the Hutchison Whampoa conglomerate.

He told me the story as we *basked on the quarterdeck of* Hutchison's motor launch, which was burbling westward *round the island in the searing* sun of last Saturday afternoon.

"That chap had the sort of track record that you aren't privileged to see very often," Mr. Barrett added. "He really was a top-flight international manager. That's why I couldn't give him the job. It would have bored him stiff.

"*But all the same, he was* right to want it. At Hong Kong tax rates, working for only half his UK pay over the dozen years left before retirement, he *could set himself up with far* more capital than ever in the UK."

Whereupon Peter Barrett produced one of his rare grins. He *has been enjoying the same* opportunity to build capital for nearly two years.

If he is like most Hong Kong executives, he receives an auto*matic* bonus so that his nominal monthly salary comes rolling in, not 12, but 13 or 14 times a year. In addition, he will have an extra bonus tied to company results which, in good times such as the present, may well double his pay.

On all of that, he will pay tax at the maximum rate of 15 per cent.

But also, if he is like most of the expatriate managers who have gone from other countries to work in the colony, he will receive a bulky housing allowance.

In the official view of the Government of Hong Kong (*where land and building costs* are raising the roof all the time so that the purchase price of a flat with decent room for three can now easily be £100,000) the benefits of an expatriate executive's housing allowance amount to 10 per cent of his total pay and bonuses.

The Government taxes the *notional* benefit also at the 15 per cent rate, effectively raising the tax on the total earnings to 16.5 per cent.

But by reckoning the worth *of the housing allowance at only* 10 per cent of total earnings, the Government is being unusually generous to expatriates who, unlike the indigenous executives of Hong Kong, tend to be paid weighty sums towards their accommodation costs.

Significant

"The housing allowance usually seems to become more significant as you go up the pay scale," I was told by Keith Exall, the locally based managing director of the personnel and recruitment consultancy of Harris Graham and Partners.

"Take for example a fairly junior expatriate manager with a salary of just over £500 a month. He'll probably be given half as much again, or rather more, for housing.

"If the same chap is getting £1,000 monthly salary, he's likely to have at least £750 a month allowance. And when the monthly salary rises to *£1,500, then the housing money* could well be as much again as, or even higher than, the salary payment."

Other benefits for managers seem to vary with the employer. "As a general rule," said Harris Graham's David Slee, "you'll be more assured of extras such as medical insurance, education allowances, fare-paid leave, and retirement benefits with an expatriate concern.

"The Chinese tend to treat such things as discretionary. If *your face fits, you'll do all right.* If not, you'll be exposed to considerable financial risk should *you or one of your family fall* ill and so on."

Another *benefit becoming* more and more common as accommodation costs race upwards, is help in buying a home. There are no building societies as such in the colony, and banks will rarely lend more than three-quarters of the pur*chase price. Moreover, the loan* will have to be repaid with interest at commercial rates (currently of 10 to 11 per cent) within certainly not more than 15 and sometimes as few as seven years.

So employers are now starting to offer schemes of aid, ranging from the loan of the necessary deposit and a contribution towards the interest, down to merely helping the employee to find someone willing to lend him the money.

Company cars are far rarer *than they are in Britain and* other countries of mountainous marginal taxation, tending to be limited to the very topmost managers.

But the colony's privately owned cars—among which Mercedes seem to be most popular, and *about one in every* 50 a Rolls—are increasing by around 2,000 registrations a month in line with a current economic growth rate of per*haps 15 per cent.*

Volatile

"Sure, professional managers *and specialists coming to work* here can do well for themselves," said the Harris Graham consultants. "But even in the short run, the economy here *is extremely volatile.* If a company suddenly stops making profits, its managers are liable *at least to lose the bonus that* could be half their income. And in the long run, while the money Communist China is investing here now is making us think they'd like to continue having this bastion of capitalism on their doorstep, *you can't be sure that they* won't change their mind and take over.

"Another thing is that the hours and pace of work for executives here are usually a lot greater than in Europe. People still mostly work at least *every other Saturday morning,* for example.

"But unlike the other Asian countries, Hong Kong can still be the land of opportunity, *especially for British people.*

"While, when they come here, Britons aren't supposed to stay more than six months, a quick trip to Singapore or *somewhere will clear them for* another six, and so on. We know a number of cases now where, with skilled people in very short supply, British professionals have come here on holiday, picked up a job advertised in the South China Morning Post, and stayed."

Before people from other *countries can obtain a three-*year work permit, however, they must already have got a job in the colony, and produce a letter of appointment to prove it.

Opportunities currently seem to be mainly for people who are *technically skilled—foreign-*exchange, and credit-control experts in banking; engineers, especially of the civil and electronics kinds; senior systems analysts and computer programmers; financial controllers; and adepts in aspects *of personnel work such as* job evaluation, performance appraisal, and remuneration.

Readers interested might care to chance a written inquiry to Harris Graham (1304 World Trade Centre, Hong Kong). But they should be warned that they are unlikely to receive even a reply unless they are consummately skilled *professionals, both by training* and experience. As Peter Barrett's chauffeur-driven candidate showed, the competition among expatriate candidates for jobs in Hong Kong is probably the world's hottest.

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Remuneration: The bank pursues a generous policy. Emoluments include: subsidised mortgage + other traditional benefits + 4 weeks holiday.

ACT NOW! To learn more, and to arrange for an immediate interview, telephone the Bank's advisers: Michael A. Silverman or David Burns on 01-388 2051 or 01-388 2055 (24hr Ansaphone). Complete confidentiality is assured. *Ref. 232*

The appointment is open to male/female applicants.

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If you believe you meet the requirements, please write with full details of your achievements to date, including salary progress, to Alastair Myers at the address below quoting reference: ME/282/FT. Please list separately any companies to which your application should not be forwarded. All replies will be acknowledged.

B&B CONFIDENTIAL REPLY SERVICE
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197 Knightsbridge, London SW7.

Group Controller
Finance and Administration

DIRECTOR DESIGNATE

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This important appointment occurs because of internal promotion and reorganisation.

Applications, including full details of career to date, in strict confidence to:

The Chairman,
Hanger Investments Ltd.,
Dilworth House, 190 Broad Street,
Birmingham, B15 1EA

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To discuss this opportunity, please telephone John Chiverton, A.I.B.

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31, Southampton Row,
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Please write in the first instance, with brief but concise details of career to date, indicating any firms in which you are not interested, to:
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Southwood Geraghty Associates
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£5,850-£7,000

per annum

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Write in complete confidence and with curriculum vitae to:–

D. B. Williams,
Assistant General Manager,
Business Development,
Commercial Bank of Wales Limited,
114-116 St. Mary Street, Cardiff CF1 1XJ

Commercial Bank of Wales Limited
BANC MASNACHOL CYMRU

Texas Commerce Bank

Texas Commerce Bank is seeking two candidates of exceptional capabilities to join their rapidly expanding Middle East Section.

One candidate will be based in the representative office in Bahrain and be responsible for business development in a specified group of countries in the Middle East. Heavy travelling is required and the candidate should have a minimum of 2 years calling experience in the area. Ability to speak Arabic and/or French would be a definite advantage.

The second position is based in Texas Commerce Bank's head office in Houston. The candidate will likely have a strong credit background as well as business development experience. Responsibilities will include preparation of credit presentations and account management for Middle East clients operating in Houston, and Southwest U.S. clients operating in the Middle East. Limited travel required. Fluency in Arabic and/or French an advantage.

Excellent Salary and benefits commensurate with experience.

Please submit resume with salary history in confidence to:

Personnel Director
Texas Commerce Bank NA
44 Moorgate
London, EC2R 6AY
An Affirmative Action Employer M/F/H

GROUP CHIEF ACCOUNTANT

c.£10,000+Car Lloyd's Brokers

A dynamic, private company wishes to recruit a qualified accountant for a newly-created post of Group Chief Accountant. He or she will report to the Chairman and will take charge of a small accounts department. The company is highly profitable and is controlled by an experienced and successful management team. As part of this team the Chief Accountant will contribute significantly to its continued growth.

Candidates must have a good knowledge of Lloyd's accounting procedures. For a person with ability and initiative there are excellent career prospects.

Please apply:
Sir Timothy Hoare
Chichester House
Chichester Rents
London WC2A 1EG
01-242 5775

Career plan Limited

University of Bradford
MANAGEMENT CENTRE

LECTURESHIP IN FINANCIAL MANAGEMENT

Applications are invited for the above post within the Finance Group. The duties involve teaching on the postgraduate MBA programme and on the rapidly expanding under-graduate finance programme. A particular interest in Financial Institutions on the financing of multinational companies would be useful although not essential. Salary within range £3,333 to £7,754 p.a. (under review). Further particulars/application form (to be returned by 15 October) obtainable from the Registrar. Post Ref: MA/L/37/FT. University of Bradford, W. Yorkshire, BD7 1DP. Informal enquiries to Prof. T. W. McRae, Bradford (0274) 42299

NPA

Financial Controller

City **c£15,000**

Our Client is a distinguished and expanding International Merchant Bank with substantial development plans for the future.

A Financial Controller is now required whose principal responsibility will be for the control of financial and management reporting, operations and computer areas of the bank, together with some involvement in its overseas subsidiaries.

Candidates will be Chartered Accountants in their mid 30's with good banking experience. They should possess a sound knowledge of management reporting systems with special emphasis on foreign exchange, and some experience of computers would be most advantageous. Additionally, maturity and a strong sense of responsibility are regarded as essential personal attributes.

This is a challenging and progressive career opportunity with a highly regarded and developing City institution.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside, London EC2. Telephone 01-248 3812/3/4/5

Assistant Secretary-at group headquarters

£7,500 plus car

United Gas Industries – turnover about £46m. – is a successful public company with extensive light engineering interests in the UK and overseas.

The appointed candidate will report to the Secretary and provide authoritative service across a wide range of company secretarial responsibilities. Additional accountabilities will include insurance, and, contracts and litigation.

Candidates must be Chartered Secretaries, preferably in their 30's, and have substantial relevant experience in a group environment.

Employment benefits, which include a good pension scheme, are of a high standard. Location is in Central London.

Please send concise career details, quoting ref. B.18025, to John M. Hodgson, MSL Chartered Secretary, Management Selection Limited, 17 Stratton Street, London W1X 6DB.

This appointment is open to men and women.

MSL SPECIALIST RECRUITMENT
CHARTERED SECRETARY

Finance Director-designate

c £12,000 + car

The company accounts for one-third of the total world output of its product. It provides a significant proportion of its own raw material which, when processed, is exported to 100 countries. Its export achievements have been recognised by being granted the Queen's Award for Industry on three occasions.

Next year the Finance Director, who is approaching retirement age, will begin to reduce his commitments. To ensure management succession the company wishes now to recruit as Finance Director designate a Chartered Accountant with sound technical knowledge of financial accounting; management experience in a strongly marketing orientated company and a desire to broaden his – or her – commercial expertise. Responsibility will initially be to the Finance Director for all aspects of financial and management accounting with particular emphasis on cash flow and profit planning.

Preferred age about 35. Salary will be for negotiation around £12,000 and will increase significantly on appointment to the board. Car provided. Location Central London.

Please write in confidence for a job description and application form to David Prosser, Executive Selection Division, Southwark Towers, 32 London Bridge St., London SE1 9SY, quoting MCS/3717.

Price Waterhouse Associates

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

STERLING MONEY MARKET

MANAGER **c. £9,000–£10,000**

We are seeking an experienced Money Market executive to head the Sterling Dealing Department of a well-known City merchant bank.

Our client is a well-established concern which has for many years maintained a high reputation for its activities in all aspects of money trading. These activities include interbank loans, C.D.s, Treasury/Trade Bills, and Local Authority bonds.

Candidates, ideally aged 29–37, should offer sound experience in all the above fields and must additionally have the personality to manage an active department. The position reports direct to the Board, and offers excellent career prospects; given successful performance, the appointee can expect promotion and substantial salary enhancement within the short to medium term.

OPERATIONS MANAGER **£ 5 figures**

Our client is an international bank with an expanding London operation. Suitable candidates will have a thorough City banking background and already be holding the position of Operations Manager. Personal attributes should include the ability to motivate people at all levels and a creative and imaginative approach to new ideas. A high degree of self motivation is essential.

The salary package will be very good, sufficient to attract candidates of a very high standard.

To discuss either of these appointments in strict confidence, please telephone:

KEN ANDERSON (Director) or RICHARD MEREDITH

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Loan Officers

Expanding Consortium Bank

City **c£9,000**

Our Client is a highly respected international merchant bank whose overseas activities include *a developing presence in the Middle and Far East.*

Two attractive openings have been created in London, each of which calls for a banker with a sound lending background to liaise between Head Office and the area branch. Responsibility primarily will be to advise each party on local conditions and to monitor business developed by the bank in these regions.

Candidates for both positions, probably in their late 20's/early 30's with a degree or professional qualification, will possess a good knowledge of lending including analysis and administration. In addition, one position will require fluency in Arabic, the other some first-hand experience of the Far East.

Prospects for career development are excellent in a bank well-known for its progressive outlook.

Contact A.J. Tucker, MA., A.I.B., in confidence on 01-248 3812

NPA Recruitment Services Ltd

60 Cheapside London EC2 Telephone 01 248 3812 3 4 5

Banking

CREDIT/RISK ANALYSIS

Due to its expanding business. INTERNATIONAL ENERGY BANK LIMITED *wishes to appoint additional analysts.*

The analysts will be expected to acquire and maintain an in-depth knowledge of developments (both economic and technical) within specified sectors of the energy industries. A significant level of contact with energy companies is envisaged and, accordingly, those appointed must be capable of representing the Bank and of identifying business opportunities.

The Bank is an active lender of Eurocurrencies and a knowledge of this market *is desired. Candidates* must also demonstrate the experience to undertake analysis of the Bank's existing and future lending relationships. Formal analysis training would be an advantage.

Interested candidates should write in confidence to David Patten, International Energy Bank Limited, Winchester House, 100 Old Broad Street, London, *EC2M 1BE, giving full details of experience, current salary and* salary requirement.

Chief Accountant

c.£9,500 p.a. **City**

Our clients, an established and expanding firm of insurance brokers, wish to appoint a Chief Accountant to take charge of their financial affairs and strengthen the senior management team

Reporting to the Managing Director, responsibility will be assumed for the co-ordination and control of mechanised financial reporting and underwriters accounts, foreign exchange transactions, credit control and, in conjunction with the Company Secretary, advising the Board on financial matters.

Applicants should be qualified Accountants, aged between 28 and 33, with a strong background *in financial accounting and control. Previous experience of the insurance industry* would be an advantage. Personality and presentation are important as the successful candidate will be expected to contribute to the firms development.

This position, which provides an excellent career opportunity, includes a range of benefits including BUPA care and contributory pension.

Applications, from men and women, should give concise details of experience and present salary to M. Campbell.

Mann Judd
Consultants
55 New Oxford Street,
London WC1A 1BX

INTERNAL AUDITOR

An International Bank requires a mature banker who has a comprehensive knowledge of all aspects of banking and at least three years' experience of internal auditing. Overseas service with an international bank would be an asset. Age: over 40. Salary: up to £9,500 plus London Allowance.

Also international auditor required, aged around 25 with A.I.B. or university degree and four or five years' banking experience. Must be willing to undertake a great deal of overseas travel.

Confirming Executive

Required by medium-sized city financial institution. The successful candidate will be fully conversant with documentary credits, bills for collection, ECGD, and will possibly have worked in an export finance house. Knowledge of Nigerian markets would be an asset.

Age: 25-55 Salary: around £65.00

Foreign Exchange

Two openings have occurred with well known International banks for young people with experience of foreign exchange instructions, settlements, reconciliations or positions. The ideal applicants will be aged 22-28. Salary up to £4,500.

These positions are open to male or female applicants

BSB Banking Appointments

115-117 Cannon Street, London EC4N 5AX
Telephone 01-623 7317 & 01-623 9161

Recruitment Consultants

Credit Analyst

Commercial Credit is the U.K. Division of one of the world's leading financial service groups, and as such offers a wide range of financial services both to the *consumer and industry. At our Croydon Head Office a new vacancy has been* created, in our credit administration team, for a Credit Analyst.

Your responsibilities will include the development and analysis of financial information *and the formulation of recommendations* for major proposals. The creation of this position reflects our need to provide a rapid approval process in order to continually improve the service to our clients.

Aged in your 20s, male or female, you will have around two years experience in credit analysis within a British based finance house or banking operation.

As a young and expanding company we can offer a highly competitive salary and excellent benefits, plus excellent career growth prospects.

Telephone Kim Palmer for an application form on 01-686 3466, or write to her at, Commercial Credit Services Holdings Limited, Grosvenor House, 125 High Street, Croydon, Surrey CR9 1PU.

COMMERCIAL CREDIT SERVICES
HOLDINGS LIMITED

Finance Director (Public Co.)

Central London
Up to £12,500

The responsibility is for the accounting function of a nationally known retail group *with a turnover in excess of £20 million.*

The company maintains central accounting procedures and requires constructive financial information and guidance to line managers coupled with the timely preparation of management and financial accounts.

The job calls for a qualified accountant, aged over 30, who can show experience of managing an accounts department and working with others to improve profitability.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, *education and qualifications.*

Please write to Dr. I. Bowers, quoting Ref. 740/FT on both envelope and letter.

Deloitte Haskins + Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

FINANCIAL CONTROLLER

Salary to £12,000 plus Car
with exceptional benefit package

For the U.K. subsidiary of a $1.5 billion U.S. multinational electronics and computer company engaged in the marketing, service and distribution of industrial and consumer goods. There is an outstanding growth record and turnover of the U.K. operation now exceeds £50 million.

The requirement is for a qualified accountant, over 30 years of age, with appropriate industrial or commercial experience.

Responsibility is to the Region Administration Manager for the operation and development of the financial and management accounting systems with particular emphasis on controlling service costs through a complex branch office network.

This is an outstanding opportunity to make a positive contribution to the young management team of this rapidly expanding company in the forefront of a high technology industry.

Please contact the Personnel Department on Wokingham 784774 or write for an application form and job description.

Hewlett-Packard Limited,
King Street Lane,
Winnersh,
Wokingham,
Berkshire.

HEWLETT hp PACKARD

GROUP FINANCE MANAGER

Chloride Group Limited is the world's largest producer of rechargeable batteries, with operations in over 30 countries, annual sales in excess of £300 million and pre-tax profits of more than £25 million

Applications are invited for the position of Group Finance Manager at the corporate headquarters in Victoria, SW1.

The man or woman appointed will report to the Executive Vice Chairman and be responsible for the Group Finance function, including Financial and Management Accounting, Treasury, Tax, Insurance & Risk Management, and Head Office Data Processing. The job holder will be involved in all aspects of financial planning and policy in a growth group.

The successful candidate will be a qualified accountant who will probably be aged about 40-45 and hold a senior finance appointment in a major international industrial group Experience both at headquarters and in operating companies is desirable.

This is a career opportunity which offers considerable future potential and could lead to an appointment to the Main Board of Chloride Group Limited in about three years' time.

Please write with details of career and salary to date to:

Miss D.M. Whittingham
Executive Resources Adviser
Chloride Group Limited
52 Grosvenor Gardens
London SW1W 0AU.

CHLORIDE

C&L

Thames Valley **c£14,000**

EUROPEAN AUDIT MANAGER

Digital Equipment, a U.S. corporation, is an industry leader in the mini-computer and distributed data processing fields. In Europe the corporation presently has 40 sales and service offices and 3 manufacturing facilities.

As a result of internal promotion there is a requirement for a European Audit Manager, to be based at Reading. The man or woman appointed will plan and supervise the work of a small, well qualified team who are engaged in operational and financial auditing in 15 countries. In the early months considerable travel will be involved, both in the U.K. and abroad.

Candidates must be qualified accountants with experience at manager level in a major international firm of accountants or with a large industrial company. A working knowledge of French and or German would be helpful, as would some experience of U.S. accounting practice. The position offers good opportunities to move into senior financial management posts in Europe or the U.S.A.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to *E. H. Simpson, Executive Selection Division, ref. S755*, at the address below. Please include a daytime telephone number at which you may be contacted.

COOPERS & LYBRAND ASSOCIATES LTD.
Management Consultants
Shelley House, Noble Street, London, EC2V 7DQ.

JAMES CAPEL & CO.

PRIVATE CLIENTS DEPARTMENT

We are seeking an additional Account Executive to join our UK non-discretionary private clients team.

The selected candidate will be given a considerable degree of autonomy after an initial settling-in period. High-quality investment research and computer back-up are provided.

Applicants must have passed, or be exempt from, The Stock Exchange examinations, have at least five years' relevant experience and preferably have a degree or other *professional qualification.*

Remuneration will be commensurate with experience, *initiative and ability.*

Please reply in writing to:—

D. Schulten
JAMES CAPEL & CO.
Winchester House
100 Old Broad Street
London EC2N 1BQ

ASSISTANT FUNDMANAGER

John Govett & Co. Ltd.

Managers of investment trusts and other funds exceeding £400m. wish to recruit an assistant fund manager to assist a Director in portfolio management, and, in addition, collaborate in the analysis of company reports and the preparation of industry reviews.

The funds have a large overseas content and there **will be opportunity to travel, a good salary will be within reach.**

The successful applicant is likely to:–
–have investment experience.
–possess a good degree or professional qualification.
–be 25 plus years old.

Those interested should apply, giving full details of education and career to:

M.R. Cornwall-Jones, John Govett & Co. Ltd.
Winchester House, 77 London Wall, London EC2N 1DH

FINANCE DIRECTOR

London **£12,000 +**

Our clients, an Arab-owned conglomerate (t/o £30m+), are seeking a Finance Director who will establish and administer the group financial management and reporting system.

Our clients require a Chartered Accountant, aged 35/40, who can make an active contribution to general management. *Ideally the applicant will have experience in group* management, systems and appraisal, tax, and financial planning.

A business degree and overseas experience would be an advantage. In addition to the initial salary a car and other usual big company benefits would be provided. The salary could be substantially more for the right applicant.

Your application, which will be treated in strictest confidence, should be addressed to:

Mrs. L. Ridgway,
SHAIR & CO.,
Chartered Accountants
62 Brompton Road,
London SW3.

EDITORIAL ASSISTANT

required by

LEADING MONTHLY ECONOMIC JOURNAL

Ability to write clearly and handle figures. Only those with a good second-class honours degree, or better, need apply.

Write with full particulars to
Box A.6488, Financial Times,
10, Cannon Street, EC4P 4BY.

PHILLIPS & DREW

Investment Trust Specialist

We are looking for an investment trust specialist to service a number of our leading institutional clients.

A *minimum* of two years' experience in investment trust work is required.

Salary, bonus and profit-sharing will depend on experience *Apply either in writing or by telephone to:*

Martin Gibbs,
PHILLIPS & DREW,
Lee House, London Wall, London EC2.
01-628 4444

CHEMICAL BANK INTERNATIONAL LIMITED

Merchant Banking Professionals

New York **Hong Kong**

The Merchant Banking Group of Chemical Bank is expanding its business, particularly in international syndicated loans and capital market activities.

At senior level we seek:

Experienced banking and finance executives, particularly those who would be capable of and who would accept, relocation overseas to other units of the group.

Specifically for location in New York, fluency in Spanish and/or Portuguese is required as is either U.S. Citizenship or resident status. Previous business experience with Latin American countries will be an added advantage.

Also, to be based in London, Export Finance support staff familiar with ECGD documentation.

In each area the exact responsibilities and remuneration package are negotiable and will attract those already well established in these fields.

Detailed applications may be sent in confidence to: David E. Nye, Assistant Director and Secretary, Chemical Bank International Limited, 1 Union Court, Old Broad Street, London EC2N 1EA

CHEMICAL BANK INTERNATIONAL LIMITED

Taxation Accountant

LONDON
FROM £7,000 + CAR PLAN

BL, the holding company for six companies primarily engaged in the automotive and related engineering industries, is seeking a qualified accountant to join one of the top taxation teams in British industry.

The job supports the Adviser responsible for our U.K. and overseas Cars operations. The main tasks include the preparation of tax computations, year end tax provisions and regular visits to our plants where we expect the successful applicant to quickly establish a professional working relationship with plant Finance Directors/Controllers.

Applicants, male or female, should be qualified accountants who have specialized in taxation for approximately two years. The salary will be negotiable, c£7,000 plus an attractive benefits package including five weeks annual holiday, participation in the Management Car Scheme and relocation expenses, where appropriate.

Applications providing full career details should be forwarded to: **M. A. Stemp, Corporate Staffs Personnel Administration, 174 Marylebone Road, London NW1 5AA.**

BL Limited

Banking

Senior Loans Officer **c.£15,000**
Leading International bank seeks a lending banker with substantial marketing experience, supplemented by a degree and strong personal qualities. REF: NCP

Chief Dealer (Hong Kong) **$ Neg**
An expanding U.S. bank seeks a senior F/X dealer, late 20's/early 30's, with 5 years' dealing experience, to control and develop the dealing activities of its Hong Kong branch. REF: NCP

Accountant **c.£8,500**
A qualified Accountant, preferably with banking experience, is sought by an International bank to assume a key role in its Accounting Department. REF: AJT

Credit Officer **£7,500 to £9,000**
International Merchant bank requires an experienced credit analyst/officer, 27-32, to join its Scandinavian team, where prospects for career development are considered excellent. REF: AJT

Head of F/X Settlements **£7,000 to £8,500**
Well known Merchant bank seeks an experienced F/X administrator, 35-45, preferably A.I.B., to supervise all aspects of back-up to the Dealing Room operations. REF: TOK

Loan/Securities Controller **c.£6,000**
A background in loans administration and collateral securities is essential for this stimulating position which involves liaison between marketing officers and the Loan Administration Department in an active International bank. REF: TOK

Co. Administration **c.£6,000 +**
An Assistant Manager is required by a well-respected Jersey-based Trust Company. Candidates, 28-35, should have experience of company administration, ideally gained with a Merchant bank in the Channel Islands. REF: TOK

For further details in confidence telephone 01-248 3812

NPA Recruitment Services Ltd
50 Cheapside London EC2 Telephone 01-248 3812 3 4 5

BARCLAYS DEVELOPMENT CAPITAL LIMITED

DIRECTOR
Development Capital

Barclays Development Capital Limited intends to appoint one or more Directors to the small team responsible for expanding its business in this sector.

BDCL is a wholly-owned subsidiary of Barclays Merchant Bank Limited and has been set up to invest in companies engaged in a wide range of activities. BDCL's approach is based on a sound understanding of its clients' business needs and it draws upon the resources and experience of the Barclays Group in providing services.

Candidates must be able to demonstrate:
- —a high level of financial expertise
- —an educational and technical background which qualifies them to appraise business potential in significant industrial or commercial sectors
- —experience of senior management in responsible capacities
- —the personal qualities necessary to win the respect of the boards and employees of client companies.

Replies are invited from men and women who may currently be working in industrial management, a leading development capital concern, or a firm of management consultants.

The preferred age range is mid 30's to early 40's.

The salary and other benefits offered will be attractive and competitive.

Replies, enclosing full details of qualifications and experience and quoting reference D/FT, will be forwarded to the firm of management consultants advising on these appointments. All replies will be treated in complete confidence.

**JWT Recruitment Ltd.,
40 Berkeley Square, London W1X 6AD**

James Capel & Co.

Mining Department

Australian Sector

We are seeking an executive with experience of the Australian market to join our Mining Department. Responsibilities include servicing our UK and Continental clients, mainly on Australian mining stocks, but a knowledge of the leading industrial companies would be an additional advantage.

This is a position which offers substantial scope for travel and for advancement within the firm.

Remuneration will be commensurate with experience, initiative and ability.

Applicants should send a brief curriculum vitae to:

D. Schulten
JAMES CAPEL & CO.
Winchester House
100 Old Broad Street
London EC2N 1BQ

M.D.-Designate

London Buying Office

to negotiate the purchase of capital equipment and materials in the UK and Europe on behalf of the overseas parent organisation, which is engaged in the construction of power generation and distribution facilities and in the oil industry. Based in London, the successful candidate will head the present small staff responsible for the export shipping administration and the financial control of the contracts negotiated.

Candidates, preferably aged between 30 and 40, must have experience in this field including export financing procedures; fluency in a second language is desirable.

Salary about £12,000, car and other benefits are negotiable.

Please write – in confidence to – J. M. Ward ref B.41349.

MSL
United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

INVESTMENT ANALYST

VC da C

European Markets

VICKERS da COSTA LTD., Members of The Stock Exchange require an Assistant Investment Analyst for their European Dept.

Applicants (male or female) must have an Economics Degree or similar or hold a professional qualification.

An ability to read and speak German is essential. Salary according to age and experience.

Apply:- Personnel Manager,
Vickers da Costa Ltd.,
Regis House, King William Street,
London EC4R 9AR Tel: 01-623 2494

Reed Executive

The Specialists in Executive and Management Selection

Financial Director Designate

North West **c £10,500 + car + benefits**

To be attracted to this outstanding career opportunity, you must be capable of controlling and totally directing the finance function of this manufacturing Company which has exceptional growth and profitability record. Naturally you will greatly contribute to effective management control and planned co-ordinated expansion, and be an important member of the young progressive team that directs the Company. Qualified Accountants with good management potential should possess a strong self disciplined personality and be capable of achieving the excellent career development that this Company offers. Re-location expenses are available if required.

Telephone 061-832 6631 (24 hr. service) quoting Ref: 2266/FT. Reed Executive Selection Limited, 15 Piccadilly, Manchester M1 1LT.

The above vacancy is open to both male and female candidates.

London Birmingham Manchester Leeds

GILBERT ELIOTT
& COMPANY

GILT-EDGED DEPARTMENT

Due to the expansion of our Institutional gilt business we require a Gilt Sales Executive conversant with both anomaly and policy switching at the long end of the market. The terms of employment will reflect the seniority of this appointment. Prospects for advancement are excellent.

Please write in confidence giving full career details to:

The Staff Partner
GILBERT ELIOTT & COMPANY
381 Salisbury House
London Wall, London EC2M 5SB

Hire Purchase Manager

Kuala Lumpur, Malasia
approx. £11,000 after tax,
plus substantial benefits

A subsidiary of the Inchcape international trading group operating in Peninsular and East Malaysia and Brunei requires a Manager for its newly established H.P. Division. The operation generates new business of about £15m annually, with potential for expansion. Candidates should have a minimum of six years H.P. experience including policy and profit responsibility.

Additional benefits include discretionary bonus, education allowances and passages, free furnished accommodation, six weeks annual home leave, company car, contributory pension scheme.

Please write by Friday, 6th October with full personal particulars and details of career to date to:
The Assistant Personnel Director,
INCHCAPE & CO. LIMITED,
40 St. Mary Axe,
London EC3A 8EU.

Inchcape

SIMON & COATES
Research

Simon & Coates are extending their service to institutions in the U.K. equity market and want to bring into the Research Department two additional senior analysts of the highest ability and reputation. One will have specialised in the financial sector and the other in consumer non-durables. Both must have built up good relations at senior level amongst institutional shareholders and company management and their work must merit a significant share of the institutional business in their sector.

The successful applicants will receive a remuneration package well into five figures and there are positive openings to partnership within a year or two.

The firm would also be glad to hear from younger analysts of high intellectual ability who have the potential to reach the above requirements.

Please reply to:
Michael Prag, Simon & Coates
1, London Wall Buildings, London E.C.2

SENIOR ANALYST

A leading firm of London stockbrokers wishes to expand its existing research coverage. The successful candidate, who should ideally be aged 25-35 and well qualified, will have had a number of years' previous analytical experience, will be eager to take up the challenge of developing a sector specialisation in which we have expertise and to work in close collaboration with our sales team.

He or she will be expected to maintain extensive contacts within the industries concerned and among financial institutions and will be given considerable freedom to exercise initiative. A competitive salary and incentive scheme participation will be paid and those who can meet our requirements should write, giving full details of experience, in confidence, to Box A.6489, Financial Times, 10, Cannon Street, EC4P 4BY. Firms to which the applicant does not wish his/her letter sent should be indicated on the covering envelope.

A leading international Investor in Shipping and Real Estate wishes to expand its Cross Trade shipping operations and requires a:

General Manager
(Shipping)

To advise the Group Chief Executive on all aspects of Time Chartered vessels and their subsequent operation and at the same time supervise the management of the existing fleet currently under "demise" charter. Knowledge of Ship Broking and expertise in the legal, financial, and insurance aspects of chartering are essential.

This is a unique opportunity with excellent further career prospects for an exceptionally able man or woman who is willing to work closely with the Group Chief Executive, within the current organisation. The remuneration package which includes the usual benefits of an International Company is generous. The salary is negotiable for the right person. The company offices are at present in London but may be relocated in Europe within the next few years.

Applicants who match these requirements should contact me quoting MJ with a view to attending an early interview in London.

Martin Gwinner
INTERNATIONAL APPOINTMENTS (LONDON) LTD
(Executive Recruitment Consultants)
66/68 Haymarket, London SW1
Telephone: 01-839 1602/4
Cables: Interappt. London

WE ARE A MAJOR GERMAN BANK. DUE TO OUR RAPIDLY EXPANDING INTERNATIONAL ACTIVITIES WE ARE SEEKING FOR OUR CORPORATE HEADQUARTERS LOCATED IN FRANKFURT-MAIN A

REGIONAL MANAGER

who will be responsible for a number of industrialised countries in the Western Hemisphere.

His primary objective will be the management and development of our correspondent banking and corporate account relationships. This will include:

- ★ Establishing business objectives
- ★ Defining and implementing marketing and general banking strategies
- ★ Maintaining and enlarging our banking activities in his geographical area

The ideal candidate will have several years of business experience in International Banking and be capable of assuming further responsibilities. He should be between 30 and 40 years old, a university graduate or equivalent, fluent in German and English and preferably, but not necessarily, French.

Please forward your detailed résumé in English, including telephone number, to:

C.K.M. WERBUNG
6236 ESCHBORN 2
KOENIGSBERGER STRASSE 25
WEST GERMANY

Overseas Fund Manager/Analyst

Merchant Bank London 25/35

Our client is one of the leading forces in the investment scene. City-based, their wide portfolio is made up of pension funds, unit trusts, general funds etc and includes about £100m invested in overseas stocks.

They seek an additional Fund Manager/Analyst to help run this side of their business. The job will appeal to a man or woman aged 25/35 with a good grounding in finance and some 2-5 years experience of overseas investment. Preference will be given to those with Wall Street and Tokyo experience. Prospects are excellent.

The salary is negotiable and is in addition to normal banking benefits.

Please write with brief details to Colin Barry, Overton Shirley and Barry (Management Consultants), 17 Holywell Row, London EC2A 4JB. Tel: 01-247 8274.

Overton Shirley and Barry OSB

Young Chartered Accountant

New York c$24,000

Our client is a British oil company with a turnover in excess of £450m, which owns exploration, production, refining, shipping and marketing subsidiary companies in various parts of the world. Its activities comprise an integrated international oil business, the co-ordination of which is controlled from offices in a pleasant location just outside New York City.

An outstanding opportunity has now arisen for a young Chartered Accountant to join the Controller's small team where the initial involvement will be primarily in financial accounting and project work. Candidates aged between 24 and 30 must have a flexible attitude and the ability to communicate effectively at all levels.

Excellent first hand experience of British, US and Canadian accounting principles can be acquired. Good prospects for future development within this international group will result in a rewarding career for the successful applicant. Relocation expenses will be paid in full and first class fringe benefits usually associated with a major company are provided.

Please reply in confidence giving concise personal and career details, quoting Ref. T887/FT to D. E. Shellard:

AYMS Arthur Young Management Services
Rolls House, 7, Rolls Buildings
Fetter Lane, London EC4A 1NL

Company Accountant

Stevenage

£8,000-£9,500 p.a.+car

Ward Hill is a well established firm of Turf Accountants based in Stevenage with a developing business in the Home Counties. Due to recent growth, the company wishes to appoint a Company Accountant to assume responsibility for all financial aspects of the business.

This position offers an excellent opportunity for someone seeking responsibility and an opportunity to contribute in a positive way to the continued prosperity of the organisation.

Candidates preferably qualified, should be in their 30's or 40's with a minimum of 3 years experience in industry.

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circa £8,000+car

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oder informieren Sie sich zunaechst telefonisch unter der Rufnummer 0611-2603211/212 (Mr. Platt).

1784

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STOCK EXCHANGE REPORT

Initial improvement short-lived as buyers hold off

Share index down 8.2 at 506.0—Gilt-edged give further ground

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 18	Sep. 28	Sep. 29	Oct. 10
Oct. 2	Oct. 12	Oct. 13	Oct. 24
Oct. 16	Oct. 26	Oct. 27	Nov. 7

* "New time" dealings may take place from [illegible] a.m. two business days earlier.

[illegible]rlying sentiment in stock m[illegible]s was again dominated by the Ford pay dispute yesterday and both equities and Gilt-edged securities eventually succumbed to light selling.

The Chancellor's optimistic views on the economic outlook in the UK given in his speech to the International Monetary Fund encouraged a firmer trend in the leaders at the opening. Buyers, however, were content to hold off and, with scattered selling finding the market unwilling, the firmer trend was soon reversed. Although not taken too seriously in most quarters, vague talk of a half-point increase in Minimum Lending Rate created a nervous atmosphere and the downward movement gathered pace. This was well illustrated by the FT 30-share index which extended a loss 1.7 at noon to 8.2 at the close of 506.0. A Press suggestion of a possible 10 per cent increase in OPEC oil prices and Mr. Len Murray's statement that the TUC was seeking early talks with the Government with regard to a more relaxed approach on collective bargaining also contributed towards the downturn.

Overall, equity markets presented a generally mixed appearance with falls almost matched by rises in FT-quoted Industrials, but the FT-Actuaries All-Share index reacted 0.7 per cent to 231.20.

British Funds continued to give ground. A modest rally in the shorts on the hopes that the improved U.S. trade figures would take the upward pressure off short-term interest rates proved short-lived and prices ended with further losses extending to [illegible]. Long-dated issues followed a similar pattern and recorded falls of [illegible]. The Government Securities index eased 0.18 more to 69.97. Once again, there was very little selling pressure, the reaction mainly reflecting lack of support.

The investment currency market traded on a lower basis throughout the session. After trading between 89½ and 90 per cent for most of the morning, the premium touched its high of 90½ per cent after the U.S. trade figures were made known, but then came back to 88½ before ending 1½ down on balance at 88½ per cent. The day's fluctuations partially reflected movements in the exchange rate and partially another good volume of trade on institutional account. The conversion factor was 0.6950 (0.6923).

Only 419 contracts were completed in the Traded Options market, making it the quietest day for over three weeks. EMI, however, encountered a lively interest and 111 deals were done; prices of the November and February 140 series lost 6 to 15p and 7 to 16p respectively.

Banks lower

The major clearing banks succumbed to small selling in an unwilling market and closed with falls ranging to 10. Barclays, 330p, and Midland, 340p, both declined that amount, while NatWest relinquished 7 to 255p. Lloyds, however, held relatively steady in ending only a penny off at 255p. Bank of Scotland cheapened 5 to 268p. Prevailing dull conditions in the gilt-edged market brought fresh falls in Discounts. Cater Ryder gave up 7 more to 265p, while Alexanders, 250p, and Gerrard and National, 174p, receded 6 apiece. Apart from a penny improvement to 16p in G. R. Dawes, Merchant banks moved lower with Hambros 4 cheaper at 193p and Wagon Finance dipped 3 to 39p among Hire Purchases.

Persistent small selling and lack of support left Insurances with falls ranging to 7. Legal and General finished 4 off at 154p on mild disappointment with the interim results, while Pearl eased 6 to 230p. Sedgwick Forbes were notable among brokers for an above-average decline of 23 at 432p. Royals gave up 7 to 355p in Composites where GRE shed 6 to 230p and Commercial Union 4 to 145p.

Following recent strength fuelled by Press comment on the merits of the J. Lyons acquisition, Allied Breweries turned reactionary and closed 2 easier at 81p. J. Lyons, at 149p, lost 5 of the previous day's rise of 6, while Belhaven Brewery, in which Lyons hold a 17 per cent stake, slipped 4 to 43p.

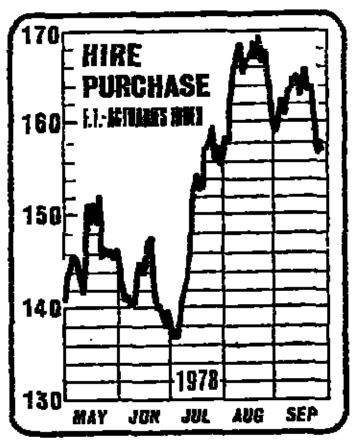
In an active trade following Tuesday's annual results, Press comment on growth prospects and suggestions of a rights issue left Barratt Developments 5 cheaper at 119p. Other Building descriptions drifted lower in thin trading. Blue Circle shed 5 to 279p while, ahead of today's interim report, RMC cheapened 2 at 142p. Taylor Woodrow 8 down at 448p but IDC improved 6 more to 138p on the mid-term profits recovery. Steady for most of the session following Tuesday's satisfactory interim profits, Ibstock Johnsen eased 4 to 182p in the late dealings, while profit-taking after the recent speculative advance left Brown and Jackson 6 lower at 224p. Profits slightly better than market estimates helped Manders put on 3 to 101p.

ICI touched 396p in early dealings, but a subsequent lack of interest brought a close of 392p, a net 2 down. Fisons shed 6 more to 351p for a drop of 34 since Monday's interim statement. Ahead of today's half-year report, Anchor eased 3 to 73p. In a restricted market, William Ransom advanced 10 to a high for the year of 290p.

The volume of business in leading Stores left much to be desired and the occasional selling order prompted a dull trend. Elsewhere, S. Casket gave up 4 to 70p as did Executex, to 56p. Liberty picked up 5 to 195p.

Publicity given to the chairman's statement outlining the problems facing the company's scanners brought fresh selling pressure to bear on EMI which lost 9 for a two-day decline of 12 on some sizeable selling, the preliminary figures are expected on October 5. GEC turned easier again and, at 322p, gave up 6 of Tuesday's rise of 8, while Thorn Electrical reacted 4 to 376p. Newman Industries edged forward 2 to 96p on further consideration of the interim figures.

Of the dull Engineering leaders, John Brown were particularly vulnerable and fell 14 to 448p. Vickers cheapened 4 to 194p in front of today's interim results, while similar losses were seen in GKN, 279p, Hawker, 248p, and Tubes, 394p. Elsewhere, C. and W. Walker lost 8 to 124p following the interim profits standstill. Startrite, on the other hand, jumped 12 to 128p in a thin market on the higher profits and proposed 100 per cent scrip-issue. Comment on the strong profits recovery prompted a further rise of 6 in Brasway to 45p and Davy gained 10 to 295p in response to the chairman's encouraging remarks at the annual general meeting. Ransomes Sims and Jefferies put on 6 to a 1978 peak of 180p and improvements of 4 and 5 respectively were recorded in Christy Bros., 52p, and Williams and James, 114p.



Foods closed with the occasional firm spot. Avana were back in favour at 56½p, up 2, while Somportex, 72p, and Associated Dairies, 248p, put on 4 and 5 respectively. Joseph Stocks, however, slipped 5 to 155p. Supermarkets trended firmer, with Kwik Save improving 4 to 92p and Hillards 5 to 205p.

Glaxo better

Resisting the dull conditions which encompassed other miscellaneous Industrial leaders, Glaxo moved forward 8 to 627p on a small buying interest ahead of the interim results due on October 9. Metal Box, 8 dearer at 358p, also made a good showing but small selling took its toll on Bowater, 197p, and Turner and Newall, 183p, which declined 5 and 4 respectively. A firm market of late on the group's attempts to strengthen its top management structure, ICL rose 14 more to 434p following renewed investment support on consideration of its earnings growth potential. Currently in receipt of an agreed bid from Courtaulds, Compton Sons and Webb rose 3 to 67p in response to the profits forecast of £2m on which the bid was conditional. Alpine Holdings touched 78½p in response to the announcement of more-than-trebled interim profits but then eased to 76p before closing unchanged at the overnight level of 77p. Renewed speculative interest lifted Ofrex 6 to 113p.

Campari touched 137p on the results and scrip issues, but ended 6 off on balance at 130p; the B shares rose 4 to a 1978 high of 129p. Norton and Wright improved 8 to 206p on the chairman's remarks on current trading.

Motors and Distributors drifted gently lower awaiting fresh developments in the Ford labour dispute. Lucas Industries featured with a decline of 10 to 312p, while profit taking clipped 5 from Dowty at 278p. Dunlop eased a penny to 75p in front of today's interim results, while further consideration of the interim statement left Hanger Investments a like amount cheaper at 45½p.

News International provided the only noteworthy movement in Newspapers, falling 7 to 253p on scattered offerings; the interim figures are due next Wednesday.

Properties became dull on talk of an early ½ per cent hike in Minimum Lending Rate. Lack of support rather than selling pressure left Land Securities 7 down at 236p and MEPC 3 lower at 144p. British Land, at 42p, gave back nearly all of the previous day's advance of 2½. Warnford Investments declined 8 to 332p. Against the trend, City Offices hardened a penny to 61p, after 62½p, while in front of tomorrow's annual results A. and J. Mucklow firmed 2 to 130p.

Oils fall late

Steady to firm for most of the session, Oils turned reactionary in late dealings with Shell losing 4 to 568p, after 578p. British Petroleum eased 6 to 894p. Lasmo issues moved ahead following Press comment on North Sea prospects, but the ordinary ended a net 2 down at 154p, after 160p, with the "Ops" ending 15 up at 375p, after 385p. After starting the day on a firmer note at 358p, Siebens fell away and finished 20 down at 334p. In Australians, Santos gained 10 to 184p and Alliance Oil Developments 5 to 24p on news of a large oil find in South Australia.

Sime Darby returned to favour in Overseas Traders, rallying 7 to 112p on renewed demand ahead of today's preliminary figures. Still reflecting the National Sugar Company's acquisition of the company's sugar interests, Jamaica Sugar hardened 2¾ more to 16p.

Business in Investment Trusts was very slow with neither the public nor the institutions taking much interest in the proceedings. Financials had opposing movements in International Investment Trust of Jersey, 5 better at 240p, and Akroyd and Smithers, 6 cheaper at 210p.

Following recent firmness, P. & O. Deferred reacted 4 to 93p in lacklustre Shipping. Elsewhere, Milford Docks, at 112p, gave up 8 of Tuesday's rise of 15 which resulted from small persistent buying in a restricted market.

Textiles had contrasting movements in Sirdar, 3 harder at 78p, and Illingworth Morris A. 1½ cheaper at 29½p. A. Beckman reflected the reduced earnings with a loss of a penny at 82p. Tobaccos moved lower with BAT Industries Deferred finishing 6 easier at 267p.

Rubbers had a mixed appearance. Consolidated Plantations rallied 2 to 42p, but small offerings clipped 4 from Sungei Krian at 80p and 8 from Castlefield at 250p. Anglo-American, 20 off at 540p, provided the only significant change in South Africans.

Golds down again

A fall of $2 more in the bullion price to $215.375 per ounce caused substantial losses in South African Golds.

The Gold Mines index dropped 4.6 more to 173.3, a two-day fall of 6.7 Share prices were marked down at the outset reflecting their overnight weakness in New York. Some small Cape buying prompted a slight rally during the morning, but as the news of the U.S. trade figures began to filter through London and U.S. selling saw prices give way and close at the day's lowest.

Heavyweights fell by as much as £1¼, as in Randfontein, £36¾, while West Driefontein gave up a point to £24. Losses of around ½ were common to Vaal Reefs and Free State Geduld at £15½ and £19¾ respectively.

Lower-priced stocks also sustained sizeable falls with Doornfontein 12 cheaper at 308p and Western Areas 10 off at 168p.

South African Financials drifted lower owing to lack of interest and the weakness of Golds. De Beers slipped 4 more to 414p and Middle Wits a similar amount to 187p.

On the other hand, the London-registered Financials generally gained ground although improvements were pared towards the close reflecting the downturn in UK equities. Rio Tinto-Zinc rose to 248p prior to closing a net 6 up at 246p.

There was a lively two-way trade in Australian diamond exploration stocks following news of the publication in Melbourne of the Ashton Mining prospectus.

The Ashton joint venture participants all moved ahead, with Conzinc Riotinto well supported and 6 firmer at 324p and Northern Mining 3 up at 137p.

Among the more speculative issues, Western Queen were heavily traded and closed 2 higher at 32p, after 33p, while Magnet Metals put on a penny to 42p, after 43p.

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	850	55	8	92	—	119	—	893p
BP	900	27	7	59	—	85	—	..
BP	950	8	6	36	—	58	—	..
Com Union	160	-1½	—	7	17	11½	—	145p
Cons Gold	160	27	—	32	—	36	3	183p
Cons Gold	180	9	3	18	3	25	—	..
Courtaulds	110	10	—	21	—	—	—	118p
Courtaulds	120	[illegible]	4	12	—	17	—	..
Courtaulds	130	1½	—	4	—	8	2	..
GEC	280	46	7	66	—	68	1	324p
GEC	330	7	32	[illegible]	—	35	—	..
Grand Met	100	12½	—	20	10	22½	—	111p
Grand Met	110	5	—	11½	10	14	5	..
Grand Met	120	1½	—	5	—	8	2	..
ICI	390	13	12	29	—	37	—	391p
ICI	420	3	15	14	5	19	1	..
Land Secs.	240	10	—	14	—	22	—	236p
Land Secs.	260	2	—	7	—	11	—	..
Marks & Sp.	70	14	—	17½	—	18½	—	83p
Marks & Sp.	80	6	—	9	—	14½	11	..
Marks & Sp.	90	2½	—	5	—	7	—	..
Shell	500	78	10	89	—	105	—	570p
Shell	550	28	6	49	5	65	—	..
Shell	600	6	5	24	—	37	—	..
Total			124		93		28	
		November		**February**		**May**		
Boots	200	16	—	25	10	32	—	210p
Boots	240	2½	—	7	6	15	—	..
EMI	140	15	60	19	5	27	—	147p
EMI	160	6	—	9	10	17	—	..
EMI	180	2	—	7	50	9	1	..
Imperial Gp.	90	2	—	3	20	5	—	82p
RTZ	220	31	7	40	—	50	—	247p
RTZ	240	16	—	28	9	36	—	..
RTZ	260	5½	8	16	—	24	—	..
RTZ	280	3	—	7	—	14	2	..
Totals			75		90		9	

FINANCIAL TIMES STOCK INDICES

—	Sept. 27	Sept. 26	Sept. 25	Sept. 22	Sept. 21	Sept. 20	A year ago
Government Secs.	69.97	70.15	70.24	70.55	70.81	70.71	[illegible]
Fixed Interest	71.85	72.04	72.16	72.50	72.38	72.1[illegible]	[illegible]
Industrial	506.0	514.2	509.4	518.6	525.7	529.1	[illegible]
Gold Mines	175.3	177.9	180.0	178.4	183.1	181.3	[illegible]
Ord. Div. Yield	5.31	5.24	5.27	5.15	5.13	5.10	[illegible]
Earnings, Y'ld% (full)(*)	15.04	14.86	14.95	14.69	14.54	14.45	[illegible]
P/E Ratio (net)(*†)	8.80	8.91	8.86	9.01	9.11	9.15	[illegible]
Dealings marked	5,491	5,159	4,988	4,810	5,012	5,164	[illegible]
Equity turnover £m.	—	83.02	82.91	105.56	91.89	77.84	157.8[illegible]
Equity bargains total	—	17,570	17,224	17,280	16,833	17,097	19,4[illegible]

10 am 515.0. 11 am 513.1. Noon 512.5. 1 pm 511.6. 2 pm 509.4. 3 pm 505.5.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=5.37.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 27	Sept. 26
—Daily		
Gilt-Edged	195.7	194.2
Industries	191.4	191.2
Speculative	47.2	38.6
Totals	123.3	117.4
5-day Average		
Gilt-Edged	154.8	142.9
Industries	183.7	186.5
Speculative	39.8	36.8
Totals	115.9	114.4

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 26	Oct. 9	Dec. 28	Jan. 9
Oct. 10	Oct. 23	Jan. 11	Jan. 23
Oct. 24	Nov. 6	Jan. 25	Feb. 6

For rate indications see end of Share Information Service

Stocks favoured for the call included English Property, Cons. Plantations Warrants, Blackman and Conrad, Spillers, Suter, London Merchant Securities, Endeavour Resources, Bolton Textiles, UDT, 600 Group, Comben, Burmah Oil, William Press, Westland, J. E. Sanger, Drake and Scull, London and Notrhern, Duple Int., Cullen's Stores, and A. and Talbex. Puts were dealt in Davy, Trafalgar House and Cullen's Stores A, while doubles were aranged in Spillers, Endeavour Resources, First National Finance 9½ per cent 92/97, Comben, Trafalgar House, Oil Exploration and Pacific Copper. A short-dated double was transacted in EMI.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (36)

CANADIANS (1)
Brascan

BUILDINGS (2)
L.D.C. — Warrington

CHEMICALS (1)
Ransom (Wm.)

STORES (2)
Fine Art Devs. — Home Charm

ELECTRICALS (1)
Newmark (L.)

ENGINEERING (7)
Birmingham Mint — Richards (Leicester)
Brasway — Startrite
Clifford (C.) — Williams & James
Ransomes Sims

FOODS (1)
Lockwoods

HOTELS (3)
Borel (J.) — Wheeler's
Prince of Wales

INDUSTRIALS (8)
Berwick Timpo — Initial Services
Fogarty (E.) — Ofrex
Hallam Sleigh — P.M.A. (Holdings)
Huntleigh — Sunlight Services

LEISURE (1)
Campari B

NEWSPAPERS (1)
Daily Mail A

TEXTILES (3)
Dawson Intl. — Tricoville
Sirdar

TRUSTS (2)
Sizewell — London Merchant

OILS (1)
KCA

MINES (2)
Newmetal — Hongkong Tin

NEW LOWS (9)

BRITISH FUNDS (6)
Exchqr. 13pc 1980 — Fndg. 6½pc '85-87
Treas. 11½pc 1981 — Exchqr. 12pc '99-02
Exchqr. 12¾pc 1981 (£15 paid)
Treas. 14pc 1982

BEERS (1)
Amal. Dist. Prods.

ENGINEERING (1)
Sykes (H.)

INSURANCE (1)
Howden (A.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	66	[illegible]
Corpns., Dom. and Foreign Bonds	2	9	[illegible]
Industrials	292	312	[illegible]
Financial and Prop.	100	114	[illegible]
Oils	6	9	[illegible]
Plantation	7	10	[illegible]
Mines	20	64	[illegible]
Recent Issues	5	13	[illegible]
Totals	432	597	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
EMI	50p	12	146	−9	190	130
ICI	£1	10	392	−2	421	328
RTZ	25p	10	246	+6	258	164
Barratt Devs.	10p	9	119	−5	128	98
Shell Transport	25p	9	568	−4	602	484
Bowater	£1	8	197	−5	212	163
GEC	25p	8	322	−6	338	233
Marks & Spencer	25p	8	83	−3	94	67½
Barclays Bank	£1	7	330	−10	368	296
CommercialUnion	25p	7	145	−4	164	138
Grd. Metropolitan	50p	7	111	−2	121	87
Lloyds Bank	£1	7	255	−1	297	242
Midland Bank	£1	7	340	−10	390	330
P. & O. Defd.	£1	7	93	−4	118	83½
Tube Invs.	£1	7	394	−4	436	336

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P.E. Ratio
56	F.P.	6/10	87	71	Carters Superfoods	83	[illegible]	[illegible]2.41	3.1	4.4	7.4
118	F.P.	8/9	169	136	Jones (E.) (Jew'lr) 30p	163	[illegible]	[illegible]5.5	[illegible]	5.0	14.1
¶¶	F.P.	24/11	36½	31½	Manor Nat Grp. Motrs.	31½	[illegible]	2.16	1.3	10.2	10.9

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] 12% Conv. Prf.	14p	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol Waterworks 7% Pf. 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Blackwood Hodge [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cowan De Groot 10% Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hill & Smith 14% 1st Deb.2000-05	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Howard & Wyndham 10% Cn. Ln. 85-91	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Intl. Thomson Conv. Red. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kensington and Chelsea Var. Rate 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Latham James 8% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Northampton Var. Rate 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Strathclyde Var. Rate 1983	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
66	F.P.	[illegible]	[illegible]	[illegible]	Aaronson Bros.	[illegible]	[illegible]
285	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$28	[illegible]	[illegible]	[illegible]	[illegible]	Bank of Montreal	[illegible]	[illegible]
590c	[illegible]	[illegible]	[illegible]	[illegible]	Blackwood Hodge	[illegible]	[illegible]
50	[illegible]	[illegible]	[illegible]	[illegible]	Barlow Rand	[illegible]	[illegible]
44	[illegible]	[illegible]	[illegible]	[illegible]	British Printing	[illegible]	[illegible]
118	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FF110	[illegible]	[illegible]	[illegible]	[illegible]	Cie. Fr. Petroles	[illegible]	[illegible]
265	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	[illegible]	[illegible]	[illegible]	[illegible]	Dalgety	[illegible]	[illegible]
100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups	Wed. Sept. 27 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues. Sept. 26 Index No.	Mon. Sept. 25 Index No.	Fri. Sept. 22 Index No.	Thur. Sept. 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	247.49	−0.6	15.65	5.04	8.78	249.03	247.50	252.60	254.63	[illegible]
2	Building Materials (27)	215.40	−0.3	16.35	5.23	8.43	216.13	215.71	219.92	221.70	[illegible]
3	Contracting, Construction (28)	408.54	−0.4	17.50	3.82	8.33	409.99	408.94	415.22	416.93	[illegible]
4	Electricals (14)	555.73	−1.3	13.04	3.33	10.60	562.83	552.41	568.14	573.58	[illegible]
5	Engineering Contractors (14)	378.04	+0.9	17.57	5.76	7.72	374.70	374.02	380.62	381.65	[illegible]
6	Mechanical Engineering (72)	195.96	−0.7	16.79	5.57	7.95	197.31	196.67	200.62	202.03	[illegible]
8	Metals and Metal Forming (16)	176.09	−0.4	15.23	8.07	9.10	176.74	177.44	179.52	181.80	[illegible]
11	CONSUMER GOODS (DURABLE) (53)	215.86	−0.7	16.07	4.90	8.66	217.37	215.67	219.75	222.28	[illegible]
12	Lt. Electronics, Radio, TV (16)	264.86	−0.4	13.98	3.84	9.99	265.99	262.91	268.99	271.62	[illegible]
13	Household Goods (12)	184.89	+0.6	16.11	6.13	8.55	183.84	185.51	188.36	188.47	[illegible]
14	Motors and Distributors (25)	129.34	−1.4	19.53	6.38	7.11	131.21	130.48	132.17	134.39	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (172)	216.44	−0.9	15.37	5.67	8.78	218.38	217.39	220.11	222.53	[illegible]
22	Breweries (14)	228.72	−1.4	14.67	6.21	9.38	231.88	229.99	231.08	236.35	[illegible]
23	Wines and Spirits (6)	281.38	−1.8	15.13	5.11	9.86	286.48	284.22	288.90	293.76	[illegible]
24	Entertainment, Catering (17)	267.41	−1.5	15.18	6.50	9.62	271.46	271.66	276.89	278.95	[illegible]
25	Food Manufacturing (19)	214.48	+0.5	18.04	5.03	7.34	213.33	213.70	216.65	217.79	[illegible]
26	Food Retailing (15)	230.87	+0.7	13.20	4.46	10.49	229.34	229.39	232.94	235.26	[illegible]
32	Newspapers, Publishing (12)	393.65	−0.6	19.83	6.12	7.11	396.12	397.39	404.25	407.69	[illegible]
33	Packaging and Paper (15)	146.57	−0.3	17.71	7.29	7.44	147.05	147.32	149.96	151.47	[illegible]
34	Stores (40)	203.60	−1.6	10.73	4.47	13.62	206.85	205.04	207.37	210.51	[illegible]
35	Textiles (25)	185.47	+0.1	17.77	7.51	7.32	185.35	183.48	185.06	184.09	[illegible]
36	Tobaccos (3)	244.89	−1.6	22.48	7.66	5.26	248.95	247.46	250.14	252.22	[illegible]
37	Toys and Games (6)	118.76	−0.9	19.09	5.38	6.13	119.82	120.41	121.78	123.37	[illegible]
41	OTHER GROUPS (99)	213.21	−0.3	14.61	5.63	8.82	213.87	213.17	215.97	217.86	[illegible]
42	Chemicals (19)	297.51	−0.5	15.40	6.35	8.45	298.93	297.51	300.81	303.68	[illegible]
43	Pharmaceutical Products (7)	283.85	+0.5	10.12	3.62	12.16	282.56	282.15	285.78	287.15	[illegible]
44	Office Equipment (6)	138.11	−0.3	17.59	5.50	6.78	138.49	140.15	143.63	146.05	[illegible]
45	Shipping (10)	431.43	−1.6	14.41	7.07	8.86	438.33	431.07	436.03	440.69	[illegible]
46	Miscellaneous (57)	227.51	−0.4	16.18	5.98	8.20	228.42	227.64	230.65	232.63	[illegible]
49	INDUSTRIAL GROUP (495)	230.52	−0.7	15.30	5.44	8.78	232.06	230.75	234.44	236.72	[illegible]
51	Oils (5)	505.10	−0.7	13.83	3.98	7.85	508.53	506.42	511.89	516.56	[illegible]
59	500 SHARE INDEX	253.64	−0.7	15.09	5.23	8.63	255.34	254.12	257.82	260.38	[illegible]
61	FINANCIAL GROUP (100)	165.88	−1.6	—	5.86	—	168.62	168.45	171.47	174.00	[illegible]
62	Banks (6)	181.88	−2.2	25.70	6.44	5.84	186.02	186.22	190.22	194.32	[illegible]
63	Discount Houses (10)	204.35	−1.9	—	8.46	—	208.37	210.43	217.58	218.86	[illegible]
64	Hire Purchase (5)	157.11	−0.7	15.51	5.25	8.51	158.14	156.97	160.44	162.79	[illegible]
65	Insurance (Life) (10)	136.68	−1.5	—	6.80	—	138.76	138.10	141.24	143.26	[illegible]
66	Insurance (Composite) (7)	124.18	−1.9	—	7.06	—	126.61	126.38	128.72	130.59	[illegible]
67	Insurance Brokers (10)	342.73	−0.8	13.78	4.66	10.38	345.42	345.45	348.37	349.56	[illegible]
68	Merchant Banks (14)	83.67	−0.8	—	5.81	—	84.32	84.62	85.00	85.99	[illegible]
69	Property (31)	259.02	−1.3	3.35	2.93	51.01	262.47	261.82	265.66	268.78	[illegible]
70	Miscellaneous (7)	109.73	−0.6	23.01	7.61	5.63	110.34	110.25	112.35	114.35	[illegible]
71	Investment Trusts (50)	229.86	+0.4	3.03	4.51	33.00	229.03	229.04	232.03	232.84	[illegible]
81	Mining Finance (4)	109.69	+1.4	16.08	6.49	7.57	108.14	106.83	107.93	109.72	[illegible]
91	Overseas Traders (19)	327.28	+0.1	14.98	7.03	8.37	326.79	325.99	329.47	330.86	[illegible]
99	ALL-SHARE INDEX (673)	231.20	−0.7	—	5.36	—	232.85	231.92	235.36	237.7[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., Sept. 27	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.34	−0.10	—	7.06
2	5-15 years	114.57	−0.21	—	7.61
3	Over 15 years	119.89	−0.26	0.54	10.23
4	Irredeemables	127.21	−0.43	—	9.02
5	All stocks	112.33	−0.19	0.24	8.36

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Wed., Sept. 27	Tues., Sept. 26	Year ago (approx.)
1	Low Coupons	5 years	9.05	9.03	[illegible]
2		15 years	10.95	10.92	[illegible]
3		25 years	11.82	11.78	[illegible]
4	Medium Coupons	5 years	12.01	11.95	[illegible]
5		15 years	12.15	12.1[illegible]	[illegible]
6		25 years	12.19	12.1[illegible]	[illegible]
7	High Coupons	5 years	11.99	11.9[illegible]	[illegible]
8		15 years	12.76	12.7[illegible]	[illegible]
9		25 years	12.92	12.8[illegible]	[illegible]
10	Irredeemables		11.67	11.6[illegible]	[illegible]

		Wed. Sept. 27 Index No.	Yield %	Tues. Sept. 26	Mon. Sept. 25	Friday Sept. 22	Thurs. Sept. 21	Wed. Sept. 20	Tues. Sept. 19	Monday Sept. 18	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.56	12.90	57.57	57.54	57.57	57.54	57.64	57.56	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.71	13.51	51.71	51.71	51.96	51.96	51.87	51.87	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	71.46	12.83	71.46	71.34	71.39	71.39	71.57	71.21	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Section	% change	Section	% change
Gold Mines	+33.56	All-Share Index	+8.54
Engineering Contractors	+25.84	Textiles	+8.35
Electricals	+22.83	Pharmaceutical Products	+7.94
Mechanical Engineering	+22.61	Property	+7.26
Mining Finance	+22.10	Cons. Goods (Non-Durable) Group	+7.16
Contracting and Construction	+20.51	Stores	+6.67
Capital Goods Group	+19.18	Food Retailing	+6.55
Toys and Games	+18.88	Oils	+6.44
Overseas Traders	+16.32	Food Manufacturing	+6.13
Electronics, Radio and TV	+14.50	Entertainment and Catering	+3.87
Newspapers and Publishing	+14.32	Insurance Brokers	+3.15
Chemicals	+14.20	Merchant Banks	+2.37
Wines and Spirits	+13.15	Breweries	+0.68
Packaging and Paper	+13.14	Household Goods	+0.66
Building Materials	+12.63	Insurance (Life)	−1.06
Consumer Goods (Durable) Group	+12.28	Financial Group	−2.29
Office Equipment	+12.10	Hire Purchase	−4.77
Motors and Distributors	+11.67	Banks	−5.11
Industrial Group	+11.27	Shipping	−6.69
500 Share Index	+10.47	Discount Houses	−7.26
Other Groups	+10.37	Insurance (Composite)	−7.97
Investment Trusts	+10.19		
Metal and Metal Forming	+9.98		
Tobaccos	+9.69		

† Percentage changes based on Tuesday, September 26, 1978, indices.

AUTHORISED UNIT TRUSTS

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.♥

G.T. Unit Managers Ltd.♥

G. & A. Trust (a)(g)

Gartmore Fund Managers♥ (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)♥

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration♥ (a)(c)(g)

Hill Samuel Unit Tst. Mgrs.† (a)

Intel.♥ (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers♥

L & C Unit Trust Management Ltd.♥

Lawson Secs. Ltd.♥ (a)(c)

Legal & General Tyndall Fund♥

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

M & G Group♥ (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mgemnt. Ltd.

Murray Johnstone U.T. Mgmt.♥ (a)

Mutual Unit Trust Managers♥ (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Piccadilly Unit Trust (a)(b)

Practical Invest. Co. Ltd.♥ (y)(c)

Provincial Life Inv. Co. Ltd.♥

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rothschild & Lowndes Mgmt. (a)

Rowan Unit Trust Mngt. Ltd.♥ (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Save & Prosper Securities Ltd.♥

Save & Prosper continued

Scotbits Securities Ltd.♥

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd.♥

Scottish Equitable Fnd. Mgrs. Ltd.♥

Sebag Unit Tst. Managers Ltd.♥ (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.♥ (a)(g)

Target Tst. Mgrs. (Scotland) (a)(b)

Trades Union Unit Tst. Managers♥

Transatlantic and Gen. Secs. Co.♥

Tyndall Managers Ltd.♥

TSB Unit Trusts (y)

Ulster Bank♥ (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

CORAL INDEX: Close 505-510

INSURANCE BASE RATES

Property Growth ... 10¼%

Vanbrugh Guaranteed ... 9.37%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.♥

Canada Life Assurance Co.

Cannon Assurance Ltd.♥

Capital Life Assurance

Charterhouse Magna Gp.♥

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assur. Co. Ltd.♥

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.♥

General Portfolio Life Ins. C. Ltd.♥

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.♥

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.♥

M & G Group♥

Merchant Investors Assurance♥

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (U.K.) Ltd.♥

Norwich Union Insurance Group♥

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited♥

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group♥

Schroder Life Group♥

Scottish Widows' Group

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Sun Alliance Linked Life Ins. Ltd.

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Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.♥

Tyndall Assurance/Pensions♥

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.♥

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I. O. Man) Ltd.

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (CI) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst.Mgt.Jrsy.Ltd.

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Bank (Guernsey) Ltd./

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Overseas Fund S.A.

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Keyselex Mngt., Jersey Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank Intl. Geneva.

M & G Group

Samuel Montagu Ldn. Agts.

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Phoenix International

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (CI) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

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TSB Unit Trust Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management♥

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses.

FT SHARE INFORMATION SERVICE

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Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

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LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
41	33	Do 5pc Pref.	41	......	—	—
98	98	Chilean Mixed	98	......	—	£3.10
415	350	German Yng. 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	52	......	3½	£6.90
51	46	Do 6pc 28 Stab. Ass.	50	......	6	£6.04
44	40	Do 4pc Mixed Ass.	42	......	4	£5.05

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 43⅞% (based on US$1.8765 per £)
Conversion factor 0.6964 (0.6823)

CANADIANS

S.E. List Premium 43⅞% (based on 2.3161 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's	P/E
29	19	Goode D't Mry.5p	23½	......	0.13	—	0.8	—
142	96	Grindlays	134	-1	2.79	7.1	3.1	4.8
260	185	Guinness Peat	230xd	......	10.31	—	6.7	—
217	155	Hambros	193	-4	9.76	—	7.5	—
100	81	Hill Samuel	96	-1	4.97	—	7.7	—
600	325	Do Warrants	350	......	—	—	—	—
360	203	Hong Shng $2.50	311½	+1½	hQ59c	—	2.2	—
69	52	Jessel Toynbee	57	-1	h3.32	—	8.7	—
215	160	Joseph (Leo) £1	195	-5	8.74	—	6.7	—
52	37	Keyser Ullmann	49	-1	0.67	—	2.0	—
74	56	King & Shax 20p	57	-3	3.44	—	9.0	—
114	90	Kleinwort B.L.	104	-1	†4.18	—	6.1	—
297	242	Lloyds £1	255	-1	†9.23	4.8	5.4	5.8

BANKS & HP—Continued

Hire Purchase, etc.

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MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	170xd	......	Q60c	ϕ	21.4
24	15	Rhod'n Corp. 16⅔p	16	......	0.57	7.1	5.3
80	52	Roan Cons. K4	65	......	—	—	—
41	32	Wankie Col. Rh.1	33	......	†Q7½c	1.4	19.4
17½	10	Zam.Cpr.SBD0.24	14	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	12	......	—	—	—
140	64	Bougainville 50 Toea	134	+3	†Q8c	1.4	3.7
131	63	BH South 50c	122	+1	—	—	—
820	150	Central Pacific	525	..	—	—	—
336	148	Conzinc Riotinto 50c	324	+6	‡Q10c	2.2	‡
27	9½	Endeavour 20c	27	+2	—	—	—
72	45	G.M. Kalgoorlie $1	66	+2	—	—	—
68	18	Hampton Gold N.L.	65	+1	—	—	—
140	81	Hampton Areas 5p	131	......	‡3.55	2.0	4.0
40	10	Metals Ex. 50c	39		—	—	—
223	125	M.I.M. Hldgs. 50c	206	+1	Q9c	1.7	2.7
39	10	Mount Lyell 25c	31	..	—	—	—
6¾	1½	Newmetal 10c	6¾	+¼	—	—	—
143	79	North B. Hill 50c	122	.	Q8c	ϕ	4.1
16½	8½	Nth. Kalgurli	14½	..	—	—	—
50	12	Nth. West Mining	43	......	—	—	—
178	117	Oakbridge $A1	155	......	†Q11c	1.9	4.4
70	30	Pacific Copper	62		—	—	—
£15½	750	Pancont'l 25c	£11½	+¼	—	—	—
40	12	Paringa M&Ex.5p	34	−½	—	—	—
570	310	Peko-Wallsend 50c	530	+1	Q15c	ϕ	1.8
300	50	Southern Pacific	200	−5	—	—	—
164	84	Westn. Mining 50c	159	+3	Q3c	ϕ	‡
70	35	Whim Creek 20c	45	+5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	23xd	......	2.82	ϕ	18.3
420	240	Ayer Hitam SM1	345	......	†Q45c	0.9	‡
60	45	Beralt Tin	48	......	‡4.0	4.4	13.1
305	200	Berjuntai SM1	250	......	Q110c	ϕ	9.5
155	111	Geevor	145	......	5.04	5.8	5.2
10½	8½	Gold & Base 12½p	10	......	—	—	—
340	220	Gopeng Cons.	325	−5	15.23	0.9	7.1
230	130	Hongkong	230	+10	—	—	—
93	78	Idris 10p	90	......	‡12.0	1.6	‡
11	7	Jantar 12½p	8	......	—	—	—
84	68	Kamunting SM0.50	75	......	Q12½c	2.1	3.6
640	450	Killinghall	635	......	Q125	ϕ	19.7
470	280	Malay Dredging SM1	435	......	†Q95c	0.8	4.7
78	40	♦Pahang	64	−2	‡Q3.75c	0.5	‡
78	50	Pengkalen 10p	74	...	6.60	1.3	13.3
270	165	Petaling SM1	245	−5	†Q80c	1.6	7.5
64	49	Saint Piran	57	......	2.03	ϕ	5.3
61	47	South Crofty 10p	56	−1	4.19	2.0	11.2
245	140	South Kinta SM0.50	200	−10	‡Q145c	0.6	15.6
340	230	Sthn. Malayan SM1	310	−5	‡Q131.3c	1.1	9.1
240	134	Sungei Besi SM1	195	......	Q65c	ϕ	7.2
85	55	Supreme Corp. SM1	70	......	ZQ10c	—	3.1
100	85	Tanjong 15p	90	......	6.60	8.8	10.9
100	74	Tongkah Hrbr. SM1	90	......	‡Q6.87%	1.6	‡
270	148	Tronoh SM1	225	−5	ZQ88c	1.6	8.4

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	73	−2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	59	......	—	—	—
17	9	Burma Mines 17½p	13	......	—	—	—
300	215	Cons. Murch. 10c	255	......	‡Q30c	2.6	‡
465	245	Northgate C$1	350	−10	—	—	—
258	164	R.T.Z.	246	+6	9.5	2.8	5.8
90	30	Sabina Inds. C$1	56	+2	—	—	—
£12	750	Tara Explm. $1	825	......	—	—	—
74	43	Tehidy Minerals 10p	69	−1	♦1.35	ϕ	2.9
185	120	Yukon Cons. C$1	144	−1	Q7c	2.9	2.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange

Stock	Price	+ or −
Albany Inv 20p	25	....
Ash Spinning	49	..
Bertam	20	....
Bdg'wtr. Est. 50p	327	.
Clover Croft	26	.....
Craig & Rose £1	520	...
Dyson (R. A.) A	37	...
Ellis & McHdy.	67	...
Evered	23xd	.....
Fife Forge	52	....
Finlay Pkg. 5p	21	.
Graig Ship. £1	125	−5
Higsons Brew	80	....
I.O.M. Stm. £1	155	+2
Holt (Jos.) 25p	258	
N'thn. Goldsmith	70	+2
Pearce (C. H.)	190	.
Peel Mills	20	..
Sheffield Brick	45	.
Sheff. Refrshmt.	63	....
Sindall (Wm.)	105	.....

IRISH

Stock	Price	+ or −
Conv 9% '80/82	£91¼	−½
Alliance Gas	78	.....
Arnott	410	....
Carroll (P.J.)	105	....
Clondalkin	90	...
Concrete Prods.	145	.....
Heiton (Hldgs.)	50	.....
Ins. Corp	180	.....
Irish Ropes	130	.....
Jacob	60	.....
Sunbeam	31	....
T.M.G.	195	.....
Unidare	87xd	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	13	P & O Dfd.	8	Ultramar	20
Glaxo	45	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday September 28 1978

Rhodesia round-table invitations 'soon'

BY OUR FOREIGN STAFF

DR. DAVID OWEN Foreign Secretary, said yesterday that he *hoped soon to be able to issue* invitations to an all-party conference on Rhodesia. He also proposed a standby arrangement that would place British troops on call for UN peacekeeping duty at a week's notice, although he did not link the troops offer directly to the Rhodesia situation.

Speaking at the UN General Assembly in New York, Dr. Owen gave *no* concrete evidence that he has overcome the major difficulties which have blocked the convening of an all-party conference for many months.

Affirming the British Government's commitment to the concept of peace-keeping by the United Nations, the Foreign Secretary said that, subject to national commitments and exigencies, Britain would make available an infantry battalion or a Royal Marine commando group for up to six months at a week's notice.

Warning

Britain would airlift the force and its equipment to the area of operations and consider sympathetically other forms of military assistance.

If a Rhodesia settlement involving all the parties could be reached he hoped the Security Council would establish a UN force for duty in that country, he said. It is conceivable, therefore, that Britain might be asked to send a military contingent to Rhodesia under the UN flag.

He said preparations for round-table talks on Rhodesia were being made, adding: "I *hope we can in the near future*, issue invitations to all the parties to come to negotiate a final settlement for an independent Zimbabwe."

On Namibia, Dr. Owen warned South Africa that it risked an escalating confrontation with the rest of the world and continued fighting within the territory if it persisted in rejecting the UN independence plan. That would be a "shameful retreat."

The Security Council is expected to meet today to consider a resolution to approve the plan prepared by Dr. Kurt Waldheim, *Secretary-General for a big UN* military and civilian operation in Namibia during the transition to independence, and call on all concerned to co-operate.

Meanwhile, M. Louis de Guiringaud, the French Foreign Minister, who also addressed the General Assembly, warned the South Africans of "grave consequences" if they refuse to reconsider their rejection of the Waldheim plan.

There was no essential difference between it and the proposals of the five Western members of the council, accepted by South Africa in April, he said. In finding fault with "some adjustments" in the plan, the South Africans semed to be looking for pretexts to back down.

In his speech, Dr. Owen replied to the critics of the Camp David agreements on the Middle East, which he said were based on the principles established by the Security Council. The accords represented a positive step in the direction of a peace settlement and had Britain's full support, he said.

M. de Guiringaud was less positive in stating the French position, but he paid tribute to President Carter's "courage and tenacity in his personal involvement in the Camp David undertaking." While there was *still great uncertainty, the complex* texts adopted by Egypt and Israel could be used to further progress towards the necessary settlement, he said.

Richard Evans adds: The Cabinet is expected to reach a decision today on the type of inquiry to be set up to investigate the breaching of Rhodesian sanctions disclosed in the Bingham Report.

Ministers had an extended discussion on the issue last week and reached a decision in principle to set up a further inquiry to answer some of the questions posed by the Bingham revelations.

Pressure

But the form of inquiry to be *adopted is causing continuing* difficulties, as a public tribunal of inquiry would make it impossible to bring charges at a later date.

The Prime Minister will want the Cabinet to reach a conclusion today if possible, in order to make the Government's position clear before the Labour Party National Executive Committee meets in Blackpool tomorrow.

There is growing pressure within the party for a conference statement on the breaching of sanctions and the role played by oil companies.

Mr. David Steel, Liberal leader, was briefed on the Rhodesian situation and the Government's attitude to Bingham by the Prime Minister yesterday at an hour-long meeting at Downing Street, arranged at Mr. Steel's request.

Editorial comment, Page 22

Vauxhall unions reject offer but agree to talks

BY ALAN PIKE AND ARTHUR SMITH

UNION NEGOTIATORS representing 26,000 Vauxhall manual workers last night rejected a pay offer from the company. But they are prepared to continue negotiations and a meeting has been fixed for next week.

The key test will come this morning when leading shop stewards report back to mass meetings of workers on the details of the company offer, which it refused to disclose last night.

There have been suggestions that the Vauxhall men might follow Ford workers in immediate unofficial strike action if the company rejects their claim for increases above the Government's 5 per cent guidelines.

The Ford strikers will today try to tighten the grip of their action by halting the import through Hull of cars built in Germany and Belgium.

More than 150 Continental-built Fords reach the British market through Hull each day. Dockers' shop stewards at the port will consider a request to black the company's imports at a meeting tonight.

Yesterday, dock shop stewards at Liverpool unanimously agreed to black Ford products, although this is not an important port for the company.

Mr. Jack Whyman, chairman of the Vauxhall unions' negotiating committee, said after the eight-hour meeting: "As far as we are concerned we are continuing with negotiations. That is our position."

No recommendations would be made to the mass meetings. Only these workers could determine the strength of feeling of the membership and whether they were prepared to leave it to the negotiating committee.

Mr. Geoffrey Moore, personnel director, refused to be drawn on the company's attitude to the *Government pay guidelines*. He insisted that the primary consideration for Vauxhall was the company's profit performance.

Trading results had not been satisfactory in recent years. "We have pulled ourselves back from the horrific loss of four years ago and we are trying very hard to get back into a strengthened position."

SIR TERENCE BECKETT

Sir Terence Beckett, chairman of Ford, yesterday attacked the Amalgamated Union of Engineering Workers for making the strike official when the existing "solemnly binding" agreement still had a month to run.

"My great regret in this business is that we could have turned in a much better performance had we been able to get our labour relations right," he told a conference in London.

Referring to the ability of unions to honour agreements, he said: "We do not have the basis for a planning agreement."

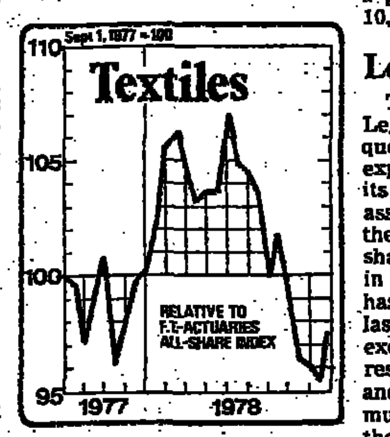
Mr. John Boyd, general secretary of the Amalgamated Union of Engineering Workers, said later on Independent Television News that Sir Terence had a "very narrow point." There would have been no value in the union telling its members it would make the strike official in four weeks' time. Ford should have been "much more forthcoming" in indicating what it was willing to offer.

Truck investment plans, Page 9
Fewer strikes, but days lost up 29 per cent, Page 10

THE LEX COLUMN

Export problems for Tootal

Index fell 8.2 to 506.0



There is nothing calculated to make a stock market more jittery, it seems, than a confident Chancellor of the Exchequer. Throgmorton Street is a much happier place when the Government has its back to the wall. Certainly the gilt-edged market continues to drift uneasily, with redemption yields of 13 per cent once again beginning to appear in the list, while equity prices proved unusually vulnerable to various scare stories ranging from OPEC oil demands to an imminent rise in MLR (not, surely, while Mr. Healey is telling the IMF how well we are doing).

Tootal

It was clear at the end of last year that Tootal's profit growth was slowing down sharply, so the 9 per cent fall in pre-tax profits at the half way stage comes as no real surprise. Carrington Viyella had already sounded a warning signal last month by reporting a drop of well over a third in its interim pre-tax profits, and Tootal's shares closed unchanged last night as 49½p where they yield just over 8 per cent.

Last year's acquisition of the Slimma Group added perhaps £½m to profits during the half-year but this was more than offset by a negative exchange rate impact of £0.3m, and a rise of £0.6m in the interest charge — mainly associated with the restructuring of the Australian operations. As far as the underlying business was concerned UK profits, which had roughly trebled over the previous couple of years, fell by a third and overseas profits rose by roughly the same amount.

In the UK, the rise in consumer spending has taken somewhat longer than expected to filter through to the textile industry, added to which the dismal summer has not helped Tootal's fashion dress business. However, the real problem for Tootal was on the export side and, rather surprisingly, it was not a question of sterling's appreciation hitting margins so much as of difficulties in individual markets. The Nigerian import ban continued, the Middle Eastern spending boom seems to have tailed off and some of the group's important Eastern bloc customers ran short of hard currency.

Fortunately, Tootal's overseas operations performed well, particularly in North America, and the reorganisation of the Australian operation should soon start having a beneficial impact. As for the second half, Tootal is expecting some recovery in UK earnings and the group should be able to push the *full* year's profits up to £22m-£23m. Admittedly, the disappearance of the Temporary Employment Subsidy helps understate the improvement; nevertheless, Tootal's profits, which jumped from £9.1m to £21.8m over the previous three years, seem to be approaching a plateau.

Foseco Minsep

Foseco Minsep has been finding the going a little bit tougher in recent years. In 1972 the group's pre-tax margin was 12.3 per cent; last year it was just over 8 per cent, having declined consistently. Again, in 1974 the group's pre-interest return on capital employed was over 31 per cent; last year it was *down to 22 per cent.* The steel recession has had a lot to do with this, but given the somewhat better outlook shareholders were looking to yesterday's interim statement for evidence that Foseco is on the upturn.

The answer is far from clear. Admittedly sales are 14 per *cent ahead and the trading* profit increase is only slightly behind at 12½ per cent. However, at the pre-tax level the increase is only 9¼ per cent (to £8.3m)—and a mere 5 per cent at the earnings per share level. Foseco is not saying much, but it appears that while steel profits did recover well in the period, the contribution from the foundry side was significantly down.

Similar trends look like continuing for the year as a whole, suggesting that group pre-tax profits should be about £16½m after £14.3m last year. At 174p the shares do not look cheap on a prospective multiple of about 10, fully taxed.

Legal and General

The half-yearly figures from Legal and General pose a question mark over the group's expansion into activities outside its traditional fields of life assurance and pensions. For these activities, financed by the shareholders, have shown losses in almost every sector. L & G has not avoided the effects of last winter's severe weather and exceptional fire losses as a result of the firemen's strike and its UK account is very much in the red. Neither has the group escaped the problems facing insurers in Australia where severe competition is keeping down rates.

Moreover, the group's representation in the international reinsurance market, through Victory Insurance, has become a running sore on shareholders' profits, as the Prudential has discovered with Mercantile and General. Margins on this business have virtually disappeared and reserves have had to be strengthened. The only success story is with the managed pension funds subsidiary, but the margins are *slim. With funds approaching* £1bn the gross return was only £2.5m.

Campari

Campari is proud of its latest scheme to boost shareholders' income. Last year it made a scrip issue of "B" shares *which would be entitled to dividends* for years ending after May 1978. But that has not worked out, since it depended on the ending of dividend restraint. The latest idea is a scrip issue of preference shares which are convertible into equity in three years' time. The effect is a 65 per cent boost in income for this year.

But once again this scheme could run into problems if present dividend controls continue. Campari does not make it clear that shareholders might not be entitled to a 10 per cent increase in the dividend per share if the preference shares are in fact converted in 1980-81. The *puzzle* is why the company has made the Preference convertible, in contrast to a number of previous Preference scrip schemes.

Printing companies fund to fight pay demand

BY PAULINE CLARK, LABOUR STAFF

MORE THAN 3,000 British printing companies are setting up a special fund to defend themselves against industrial action by printers who are demanding more pay for operating new machinery.

The British Printing Industries Federation explained in letters to its members yesterday that a special levy was needed to provide financial support for companies where members of the National Graphical Association are acting on a union instruction to black new machinery.

The action arises from the latest move by the union to fight Government pay policy on a local rather than national level. It adopted a similar policy last year in its fight against the Government and the TUC over the 12-month rule between pay settlements and claimed that several hundred members had achieved pay rises on top of their April, 1976 Phase Two pay supplement.

Expired

Printers employed by federation companies received a 10 per cent increase last April on two long-standing agreements, for extra pay for operating new machinery as well as the 10 per cent on basic rates.

But according to Mr. Joe Wade, general secretary of the NGA, the agreements have "expired" and the federation has failed to renegotiate either of them to take account of the extra skills needed for modern machinery.

About 60 federation members are said to have already been affected by the union's action. In many cases, the federation says, new machinery is lying idle. There had also been reports of printers stopping the delivery of new machinery for companies wanting to expand their business.

The federation said yesterday that if current union sanctions were lifted, it would be prepared to enter into fresh negotiations on the issue but the union, which has declared its opposition to Government pay policy, has rejected the proviso that any revised agreement would be put into effect only when allowed by the Employment Minister.

In the meantime the federation has told its members to abide by the national agreement and make no extra payments.

Cabinet to discuss Kirkby aid plan

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A DEPARTMENT of Industry plan to grant further State aid of up to £200,000 to the troubled Kirkby Manufacturing and Engineering workers' co-operative on Merseyside is expected to be considered by the Cabinet today.

Several senior Ministers are expected to oppose the scheme. It *has been drawn up following* talks last week between Mr. Alan Williams, Minister of State for Industry, and leaders of the co-operative, which is at present thought to be losing more than £15,000 a week.

The idea is to provide enough short-term cash to absorb these losses for a fixed period of about two or three months, during which time the business would be *reorganised on a permanent* footing.

This would involve heavy redundancies among its 700-strong workforce and could also mean the end of the enterprise's existence as a co-operative.

The Department of Industry is thought to favour a takeover by Metal Box's Stelrad subsidiary, which is interested in the co-operative's main business of *manufacturing radiators*. The co-operative could then be used as the basis for a new Stelrad factory on Merseyside.

A Ministerial committee chaired by Mr. Eric Varley, Industry Secretary, had been expected to approve the plan for the further State aid this week. Provided the co-operative's leaders gave an asurance that they were prepared for tough changes during the coming months, an announcement could have been made before the Labour Party conference opens in Blackpool next Monday.

Ministers fear that supporters of the co-operative, including *Mr. Anthony Wedgwood Benn*, who was responsible, as Secretary for Industry, for its creation nearly four years ago, and Mr. Eric Heffer, a Left-wing Merseyside MP, will try to stage an emergency debate on the issue to force the Government's hand.

But the Ministerial committee is believed to have passed the responsibility for deciding what to do to the Cabinet, which last *month rejected a plea from the* co-operative for £2.9m aid over the next three years.

The Cabinet is expected to debate to-day whether to add the relatively small amount of up to £200,000 to the £4.8m. State aid given to the co-operative over the past four years in the hope that this will provide time for some of the enterprise's jobs and radiator production to be *saved*.

The alternative choice of leaving the co-operative to cope on its own could well lead to a bitter row at the Labour conference. An emergency resolution calling for help would, if accepted for debate, almost certainly be overwhelmingly carried.

Weather

UK TODAY

RAIN in most areas.

London, E Anglia, E, SE, Cent.S and N England, Midlands
Rain. Max. 16C (61F).

Channel Is., SW England, Wales
Rain at first, soon clearing. Max. 16C (61F).

NW England, Lakes, Is. of Man, SW Scotland, Glasgow, Argyll, N Ireland
Rain at times. Max. 14C (57F).

NE England, Borders, Edinburgh, Dundee, Aberdeen, NW, NE Scotland, Highlands, Moray Firth
Dry at first, rain later. Max. 15C (59F).

Orkney, Shetland
Mostly dry, some rain later. Max. 11C (52F).

Outlook: Cold *with rain in* most areas.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	C	14	57	Luxembrg.	C	10	50
Athens	S	24	75	Madrid	S	23	73
Bahrain	S	35	95	Manchstr.	C	13	55
Barcelona	S	24	75	Melbourne	R	14	57
Beirut	S	28	82	Milan	F	23	73
Belfast	F	13	55	Montreal	S	16	61
Belgrade	C	20	68	Moscow	C	7	45
Berlin	F	15	59	Munich	C	12	54
Birmghm.	F	12	54	Newcastle	C	13	55
Bristol	F	15	59	New York	S	16	61
Brussels	R	14	57	Oslo	R	7	45
Budapest	C	16	61	Paris	R	12	54
B. Aires	C	15	60	Perth	S	17	63
Cairo	S	29	84	Prague	F	15	59
Cardiff	S	14	57	Reykjavik	S	5	41
Chicago	S	20	68	Rio de J'o	S	26	80
Cologne	C	15	59	Rome	F	24	75
Copnhagn.	R	10	50	Singapore	S	30	86
Dublin	F	14	57	Stockholm	F	10	50
Edinbrgh.	C	14	57	Strasbrg.	C	15	59
Frankfurt	C	15	59	Sydney	S	25	77
Geneva	F	15	59	Tehran	S	26	79
Glasgow	F	12	54	Tel Aviv	C	26	79
Helsinki	C	7	45	Tokyo	C	23	73
H. Kong	S	29	84	Toronto	C	19	67
Jo'burg	S	23	74	Vienna	C	14	57
Lisbon	S	24	75	Warsaw	F	15	59
London	F	15	59	Zurich	F	14	57

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	23	73	Jersey	F	15	59
Algiers	S	26	79	Las Plms.	F	27	81
Biarritz	C	19	66	Locarno	F	21	70
Blackpool	C	13	55	Majorca	F	25	77
Bordeaux	R	19	66	Malaga	F	25	77
Boulogne	C	15	59	Malta	F	25	77
Casablnca.	F	26	79	Nairobi	S	22	72
Cape Town	S	20	68	Naples	F	22	72
Corfu	S	24	75	Nice	S	23	73
Dubrovnik	C	20	68	Nicosia	S	30	86
Faro	F	25	77	Oporto	S	26	79
Florence	C	21	70	Rhodes	S	24	75
Funchal	S	24	75	Salzburg	C	11	52
Gibraltar	S	24	75	Tangier	F	29	84
Guernsey	F	15	59	Tenerife	C	24	75
Innsbruck	R	12	54	Tunis	F	28	82
Inverness	F	12	54	Valencia	F	25	77
I. of Man	F	17	63	Venice	C	21	70
Istanbul	S	22	72				

S—Sunny. F—Fair. C—Clouds. R—Rain

Continued from Page 1

British Airways

customer demand for cheap fares.

BA's proposals to make extensive fare cuts within Europe were agreed with other European member airlines. These are expected to produce similar proposals within a month.

The new fares include weekend excursion return fares from London to Cologne and Dusseldorf, where the new fare of £43.50 is 30 per cent down on the existing fare. Conditions for these tickets are that passengers may travel on any flight on Saturday or Sunday and return any weekend within a month.

The scheme will also aply to flights from London to Bremen (£52.50, a cut of 31 per cent), Frankfurt (£54.50 compared with £79.50), Hamburg and Hanover (£58.50, down from £85), Stuttgart (£59.50, down from £89), (Munich £70, down from £104) and to Berlin for £76 against the present £110.50.

The same type of ticket between Birmingham and Dusseldorf will cost £59, a drop of 34 per cent. The airline also announced a new service between Birmingham and Frankfurt at a weekend return fare of £70.

Weekend return flights from Manchester to Dusseldorf will cost £59.50, to Frankfurt £71 and to Berlin £116.

The reductions of the daily off peak return flights between London *and Paris, Amsterdam* and Brussels give new fares of £47, £49 and £49.50.

The new advanced purchase return fare between London and Helsinki of £125 compares with the present excursion fare of £193 and £286 for the normal economy return fare.

Consultation call in accounts report

BY TIM DICKSON

TENTATIVE BUT potentially far-reaching recommendations about the purpose and application of UK accounting standards are made in a report published today by the Accounting Standards Committee.

One suggestion is that standards might be enforced by the new Council for the Securities Industry.

In a close examination of its role over the past eight years, the committee calls for greater consultation with the users of financial statements.

The committee does not envisage immediate implementation of any of its suggestions since the report is intended to form the basis for full public debate over the next few months. No major changes are likely to take place for at least a year.

Foremost among the committee's recommendations is its enforcement of statements of standard accounting practice.

Rejecting the alternative of supervision by a Government agency (as in the U.S.) the report suggests that the possibility of the Stock Exchange or the new Council for the Securities Industry taking a more active role in enforcement "should be explored."

Mr. Tom Watts, the committee's chairman, yesterday drew attention to "the basic conflict in financial reporting between an understandable desire for mathematical certainty and the need *for less precise but often equally* useful information."

The report supports the view that accounting standards should narrow the choice of treatment to "make financial statements "*reasonably comparable*."

But it also emphasises that material departures from a statement of standard accounting practice should still be permitted in exceptional circumstances, primarily where adherence to a standard would fail to give "a true and fair view."

The report backs the principle that such statements should apply to *all* companies whose financial statements are designed to give a "true and fair view"—not just enterprises of a particular size or type.

Supplementary standards for individual industries should also be developed, it says.

Turning to its own composition and the standard-setting process, the committee concludes that "broadly speaking" the existing structure should be kept, although supplemented by wider consultation and more openness.

The report does, however, put forward various alternatives to the present accounting standards committee, such as a committee which is more user-orientated, an accounting standards board (a merged ASC and a smaller consultative group) and an advisory committee with, for example, representatives from both sides of industry.

The report finally calls for more money to be provided for the ASC. At the moment, it claims, much voluntary effort goes unrewarded while the financing of future costs would also be "in the public interest."

● Mr. Watts criticised *nationalised industry accounts*, claiming the differences of approach, particularly regarding the treatment of depreciation, were "pretty horrific."

The gas and electricity industry accounts, which have been widely criticised, were drawn up before the latest standard on depreciation.

Mr. Watts said he had written to Mr. Robert Sheldon, Financial Secretary to the Treasury, offering his committee's assistance and saying it was "high time something was done about the problem."

Setting Accounting Standards: a consultative document, £1.50 from the Accounting Standards Committee.

Double standards in accountancy, Page 22

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